
COURIER FACILITIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



COURIER FACILITIES LIMITED

COMPANY INFORMATION

Directors	P T Brady R A Entwistle D B Pedri R A Eustace M H Ware K N Winney P A White M A J Harrison J M Mint D G Taylor
Company secretary	D P Venturini
Registered number	01705359
Registered office	Building 580/1 Sandringham Road London Heathrow Airport Hounslow Middlesex TW6 3SN
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Business review

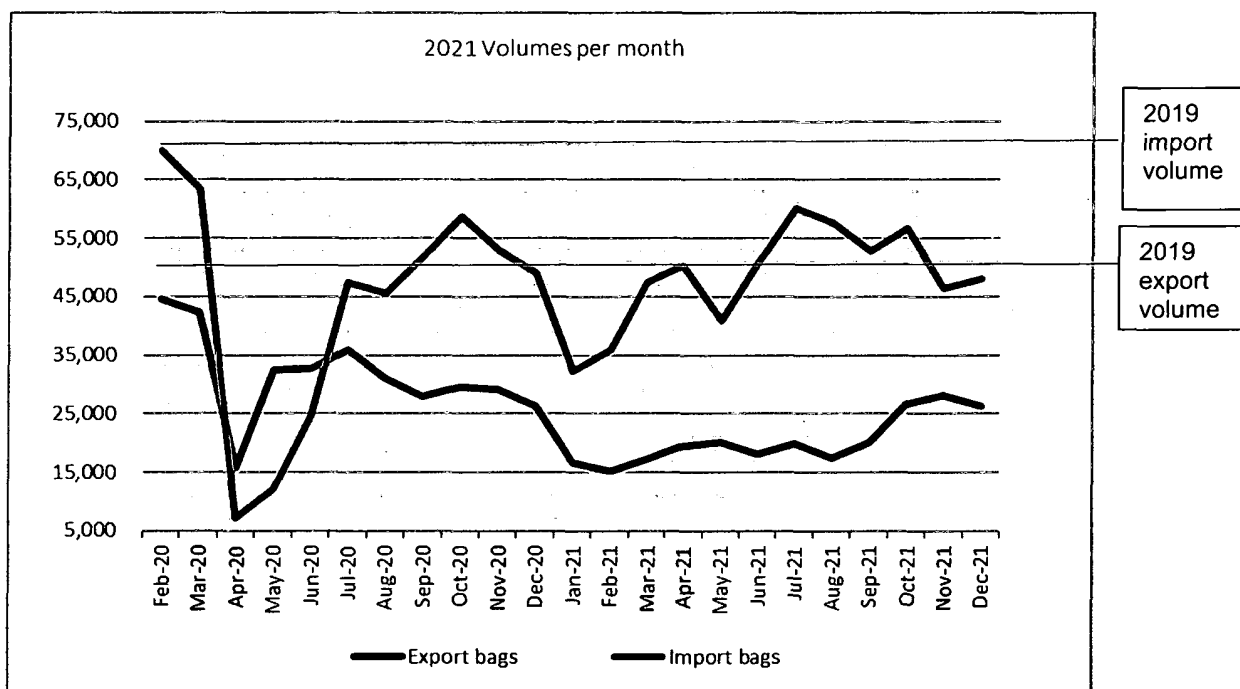
In 2021 CFL started to slowly recover volumes after significant falls in 2020 because of the Covid pandemic. Our turnover increased from £3.53m in 2020 to £4.053m.

Our operating performance was a small profit of £156k. However, we were beneficiaries of the Airport and Ground Operations Support Scheme (AGOSS) provided by the government which allowed us to claim back the value of our business rates for 2020/21 and 2021/22 in three schemes. In the year ending 2021 this support provided £389k, without which CFL would have made a significant loss.

In summary:

- Imports recovered much more strongly than exports have
- linehaul capacity and airline pricing act as significant restraints on our export growth
- We anticipate that as aviation capacity is restored during 2022 that export volumes will pick up
- To assist, we continue to add new airlines for our customers to connect with

Post tax, our net loss of £298k reflects the difficult trading environment during the pandemic and a deferred tax charge of £433k, this has arisen because we have claimed new capital allowances for our new equipment fitted into our new premises.



COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Throughout the pandemic the Board has taken the view that our pricing needs to be reflective of the volumes we handle, which continue to be significantly lower than in 2019. We expect a more complete recovery in 2023 and we will continue to review our pricing to ensure we are providing the best value for our customers, while also ensuring we are sustainable as we manage our way through our recovery.

2021 has been an incredible year at CFL, dealing with the challenges posed through the pandemic along with managing a relocation while maintaining our operation. We are very proud of our staff who have demonstrated enormous dedication and flexibility throughout the year and have been key to the success of our move.

2021 Milestones

2021 saw some significant business improvements at CFL

- Relocation to new premises completed in Q1.
- Installation of new EDS machine.
- Installation of new automation system for export bags.
- Installation of automation for import drivers for the delivery of their bags.
- Development of new IT system to manage our export bag automation.
- Renewal of key airline contracts.
- Addition of new airlines.
- Acquired CASS account to allow us to offer more services to our customers.
- New members of our senior management team.

Relocation and new equipment

In 2021, CFL completed its relocation to new premises and in the process installed a significant amount of new equipment including a new EDS standard 3.1 screening machine, the first handler at Heathrow to deploy one of these machines. This means our security screening is now at baggage standard. This new machine, along with the automation, means our capacity to handle export bags quickly for our customers has improved significantly and should leave us well placed as export volume grows.

We have also installed new automation on imports, enabling bags to be delivered directly into customers' vans, so drivers are no longer required to come into the building to locate bags themselves. This has resulted in significant time saving for our customers.

We continue to bed our new equipment in place and are working on improvements to our IT system capabilities, which will allow customers much greater visibility of their shipments moving through the facility.

The CFL Senior Team

The Senior Team at CFL changed during 2021.

Sarah Grace, our former General Manager, departed to join Linex where she is now the Managing Director.

Matthew Rye joined as our new Head of Operations. Matthew has significant experience in senior roles for IAG, Kuehne + Nagel and setting up the APH business at Heathrow.

Kevin Hillyard joined as our new Head of Special Projects. Initially, Kevin's focus has been on the delivery of our new automation export system. Kevin was the former Head of Operations, International at Virgin Atlantic.

COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic objectives

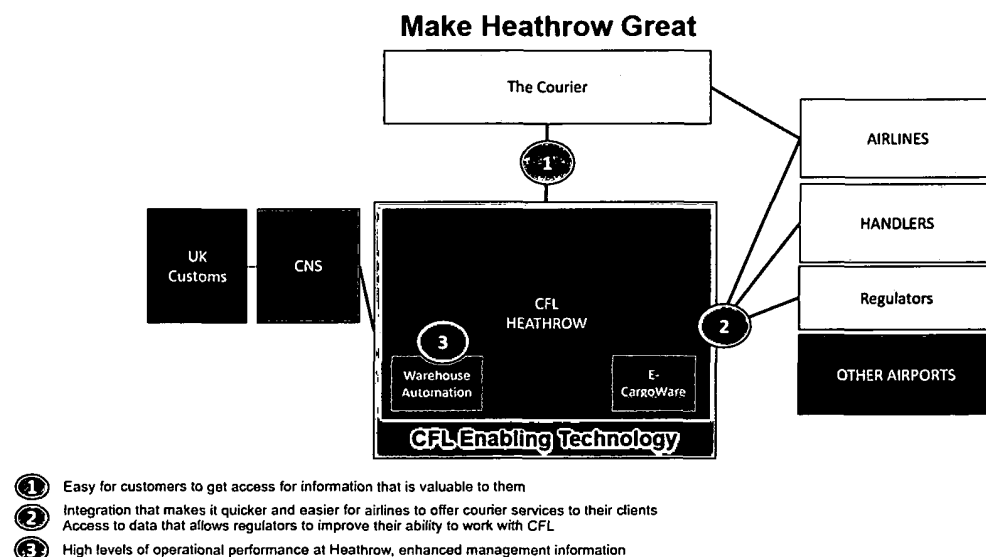
The purpose of CFL is:

To provide access to capacity, products and services that facilitate the rapid transit of imports and exports including movement through customs and security.

The challenges posed to our industry by the impact of the pandemic are significant, but here at CFL we remain focused on delivering exceptional value to our community and working with our customers to provide them with solutions that allow them to grow with us.

Our focus over the next business planning cycle is focused on providing an exceptional service through our facility, while offering more connections to more places, which will allow our customers to move more of their existing business through our facility as well as making CFL a more attractive partner for new business. Underpinning this has been the renewal of key airline contracts that commit Heathrow's largest airlines to providing courier connections through CFL on multi-year agreements into the middle of this decade at least.

Our ambition over the next two or three years is to Make Heathrow Great for our customers. We will achieve this by making it much easier for customers to get access to information that is valuable to them, whether that is service visibility, live billing information or airline messaging. We will also focus on making it much easier for couriers to see what airlines and connections are available through CFL, so as new connections are made, they are aware and able to make use of these services. This will all be supported by simple and effective IT development and integrations.



Business continuity and Risk management

Business continuity and cyber security

As we develop our automation and IT capabilities, having good business resilience and continuity plans are important so we can confidently maintain service to our customers. During 2021, we took a great deal of care to improve our cyber security and IT business continuity, taking advantage of our relocation to set up multiple fibre connections into the facility so, should one fail, our systems will not be affected. We have also run a series of business continuity tests on our core IT systems and invested money in high quality security solutions to protect our IT network from external attacks.

COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

In our operations, we have developed and tested contingency plans to manage the loss of part or all our new automation systems, which includes maintaining some of our old equipment. As we have managed the deployment of our new equipment, these contingency plans have been regularly used and demonstrated to work.

Emerging risks

Recruitment and Retention

Retaining and recruiting staff is a significant risk for the year ahead for all businesses in and around our sector. We are seeing a very competitive labour market with many businesses in our sector with high numbers of vacancies. We know how difficult it can be to find the right people, especially given the security vetting process that can add several weeks to the recruitment lead time. As a result, we have taken several steps to promote stability in our workforce, focusing on improving their experience of CFL, providing coherent development opportunities, and identifying pathways to source good employees for the future. This issue is likely to remain a significant risk for at least the year ahead.

Volume and business recovery

Our volume is still significantly below our normal 2019 levels, especially on exports. We are working hard on our business development, attracting new airlines to make new connections with destinations and origins for our customers to use, which is supporting existing customers to move more of their business through CFL. We are also working on ways to make it easier for new customers to join CFL and connect with our airlines. This includes developing new markets such as Europe, where the changes in the last year or two mean those trading between the UK and Europe need expertise in complex transit and customs regulation.

Data risk

In 2021 we identified a new risk to our business that we describe as Data Risk. This is the risk that we do not have key data to inform us or our customers and stakeholders or key information that is required to manage or maintain business. Examples of this might be service information (providing visibility of shipments moving through CFL, informing customers when import items are ready to collect or have been collected for export) or key airline information, either directly to the airline or their cargo handler. Much of our business still relies on manual processes that require time and effort to generate useful information and can be undermined by human error.

Our IT development in 2022 is focused on closing some of the gaps we have identified, particularly around sharing information with our customers through a new portal. This will initially allow greater visibility of shipments moving through the shed but, as it develops, should also provide live billing information, alerts to advise about storage charges or when shipments are ready to collect, historical service information and flight connections offered through CFL.

We will be asking customers over the second half of 2022 to work with us on trial versions of this portal which will lead into a release towards the end of the year for all customers.

Sustainability

No business can operate in 2022 without considering the demands of environmental sustainability. As an aviation business, this is an area we know we need to give some attention to and in 2022 we intend to start documenting how we will ensure our business meets and exceeds the expectations of our customers and airline partners in this area.

We recognise that we provide a key connection in the wider logistics supply chain, and we have an opportunity to work with logistics businesses of all sizes in supporting them to help their customers lower their carbon emissions. CFL is a very small direct producer of carbon emissions, but our customers have an important part to play in this area and we will be working with them to support them in their ambitions.

COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Culture, values and people

The CFL Charter

In 2019 we performed a key piece of work to identify and distil the CFL culture. Involving representatives from every part of our business, we had a series of meetings to agree on the values that drive the CFL business and describe our ethos and behaviours.

The output was tested by the Board and finalised as our CFL Charter:

- We are safe, ethical and legally compliant in everything we do. We are committed to achieving the highest standards of professionalism
- We are committed to providing the best possible customer experience. We are driven to provide our customers with exceptional service. We are open, fair and transparent. We listen to our customers and act on their feedback
- Our people are vital to delivering for our customers. We hire good people, and we focus on open and honest communication, building the team and improving skills and capabilities. We create a happy workplace where challenges are conquered with confidence. Our people are proud to be part of CFL and take ownership of everything they do. At CFL no-one ever says "That is not my job"
- We ensure the business is stable and financially secure. We are focussed on providing and achieving value to deliver sustainability over the long term

Looking ahead

Our plans for 2022

As we look ahead into 2022, we see a challenging operating year from a volume perspective as linehaul pricing and availability is still not normalised. Despite the challenges in this area, we are excited about some of the developments we are working on that will enhance our services to our customers, improve the quality of information we are able to produce about our service performance and build on new relationships we are creating with airlines and handlers.

We are making significant improvements to our IT capabilities, building on the automation installed as part of our move in 2021. We will soon have a new customer portal that will allow customers to see much more information about their shipments as they transit through CFL. Eventually they will be able to receive alerts about key milestones as their shipments transit through the CFL facility on imports and exports.

We are also working to make it easier for customers to do business with us, whether that is simplifying the onboarding process or ensuring our services match the needs of more customers, making CFL more widely available to more couriers. We see this is as a key part of our volume recovery over the 2022 and 2023.

Our customers can expect improved service, data visibility and more connections available with more airlines at the end of 2022. This will position us well for a full recovery in 2023 and beyond.

COURIER FACILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' responsibilities statement

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Directors

The directors who served during the year were:

P T Brady
R A Entwistle
D B Pedri
R A Eustace
M H Ware
K N Winney
P A White
M A J Harrison
H M James (resigned 28 February 2022)
U A Butt (resigned 31 December 2021)
T Boyes (resigned 13 May 2022)

On 1 January 2022, J M Mint and D G Taylor were appointed as directors.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

COURIER FACILITIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Post balance sheet events

At the date of approval of these accounts, whilst the COVID-19 pandemic remains prevalent, its impact on the business has diminished as verified by the pace of recovery at Heathrow. This resurgence is reflected in our confident outlook for the remainder of 2022.

There are no other subsequent events that require disclosure or adjustments to the financial statements.

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *28th June 2022* and signed on its behalf.



M H Ware
Director

COURIER FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COURIER FACILITIES LIMITED

Opinion

We have audited the financial statements of Courier Facilities Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

COURIER FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COURIER FACILITIES LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

COURIER FACILITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COURIER FACILITIES LIMITED (CONTINUED)

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, are as follows:
 - Companies Act 2006.
 - FRS102.
 - Employment legislation.
 - Tax legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of; and
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were

COURIER FACILITIES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COURIER FACILITIES LIMITED
(CONTINUED)**

indicative of management bias; and

- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

The areas that we identified as being susceptible to misstatement through fraud were:

- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

Use of our report

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

 **Barnes Roffe LLP**

Elliot S J Arwas (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Date: 28th June 2022

COURIER FACILITIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Turnover	4,053,363	3,534,770
Cost of sales	(1,822,055)	(2,031,259)
Gross profit	2,231,308	1,503,511
Administrative expenses	(2,510,788)	(2,286,788)
Other operating income	3 435,175	353,603
Operating profit/(loss)	155,695	(429,674)
Interest receivable and similar income	1,577	13,533
Interest payable and similar expenses	(21,681)	(8,226)
Profit/(loss) before tax	135,591	(424,367)
Tax on profit/(loss)	(433,771)	-
Loss for the financial year	(298,180)	(424,367)
Total comprehensive income for the year	(298,180)	(424,367)

The notes on pages 15 to 26 form part of these financial statements.

COURIER FACILITIES LIMITED
REGISTERED NUMBER: 01705359

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	6		1,930,926		899,891
Current assets					
Debtors: amounts falling due within one year	7	1,203,069		998,585	
Cash at bank and in hand	8	2,637,991		3,034,922	
		<u>3,841,060</u>		<u>4,033,507</u>	
Creditors: amounts falling due within one year	9	(2,065,373)		(924,879)	
Net current assets			<u>1,775,687</u>		<u>3,108,628</u>
Total assets less current liabilities			<u>3,706,613</u>		<u>4,008,519</u>
Creditors: amounts falling due after more than one year	10		(675,000)		(964,097)
Provisions for liabilities					
Deferred tax	13	(433,771)		-	
Other provisions	14	(31,600)		(180,000)	
			<u>(465,371)</u>		<u>(180,000)</u>
Net assets			<u>2,566,242</u>		<u>2,864,422</u>
Capital and reserves					
Called up share capital	15		6,000		6,000
Capital redemption reserve			2,000		2,000
Profit and loss account			2,558,242		2,856,422
			<u>2,566,242</u>		<u>2,864,422</u>

COURIER FACILITIES LIMITED
REGISTERED NUMBER: 01705359

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



M H Ware
Director

28th June 2022

The notes on pages 15 to 26 form part of these financial statements.

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Courier Facilities Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is Building 580/1, Sandringham Road, London Heathrow Airport, Hounslow, Middlesex, TW6 3SN.

The company specialises in facilitating the courier and airline industry in the London Heathrow Airport terminal area.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the factors which impact the company's future development, performance, cash flow, and financial position in forming their opinion on the going concern basis. The directors believe that the company has adequate resources to continue to operate and meet its obligations as they fall due for the foreseeable future and therefore use of the going concern assumption is appropriate.

2.3 Turnover

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 year 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 reporting date can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Construction leasehold property	- Straight line over remainder of the lease
Short-term leasehold property	- Over the term of the lease
Plant and machinery	- 5 years straight line
IT equipment and development	- 3 years straight line
Office equipment	- 3 years straight line

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.

2.5 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.

2.6 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.

2.7 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.

Financial assets that are measured at cost and amortised cost are assessed at each reporting date 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 reporting date.

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

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.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same year as the related expenditure.

2.10 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 year 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 year 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'.

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 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.

2.12 Operating leases: the Company as lessee

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

2.13 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 the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

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

2.15 Borrowing costs

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

2.16 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 Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

3. Other operating income

	2021 £	2020 £
Other operating income	12,516	-
Rent and utilities recharged	13,299	12,610
Government grants receivable	389,443	-
Furlough grants	19,917	340,993
	<u>435,175</u>	<u>353,603</u>

Government grants receivable relate to the Airport & Ground Operations Support Scheme (AGOSS).

4. Employees

The average monthly number of employees, including directors, during the year was 52 (2020 - 66).

COURIER FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	246,184	245,975
Company contributions to defined contribution pension schemes	-	3,532
	<u>246,184</u>	<u>249,507</u>

The highest paid director received remuneration of £161,350 (2020 - £163,341).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2020 - £3,352).

During the year retirement benefits were accruing to no directors (2020 - 1) in respect of defined contribution pension schemes.

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Tangible fixed assets

	Construction leasehold property £	Short- term leasehold property £	Plant and machinery £	IT equipment and development £	Office equipment £	Total £
Cost						
At 1 January 2021	1,289,574	13,542	942,509	257,059	1,185,505	3,688,189
Additions	-	-	1,490,984	-	115,385	1,606,369
Disposals	(1,251,494)	(13,542)	(313,749)	(7,711)	(732,880)	(2,319,376)
Transfers between classes	-	-	(8,539)	-	8,539	-
At 31 December 2021	38,080	-	2,111,205	249,348	576,549	2,975,182
Depreciation						
At 1 January 2021	1,278,148	13,542	221,462	257,059	1,018,087	2,788,298
Charge for the year	11,426	-	321,968	-	134,776	468,170
Disposals	(1,251,494)	(13,542)	(206,585)	(7,711)	(732,880)	(2,212,212)
At 31 December 2021	38,080	-	336,845	249,348	419,983	1,044,256
Net book value						
At 31 December 2021	-	-	1,774,360	-	156,566	1,930,926
At 31 December 2020	11,426	-	721,047	-	167,418	899,891

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	-	133,067
	-	133,067

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Debtors

	2021	2020
	£	£
Trade debtors	412,636	377,606
Other debtors	486,903	315,818
Prepayments and accrued income	303,530	305,161
	1,203,069	998,585

8. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	2,637,991	3,034,922
	2,637,991	3,034,922

9. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	225,000	100,000
Trade creditors	375,893	323,382
Other taxation and social security	44,583	110,606
Obligations under finance lease and hire purchase contracts	-	69,204
Other creditors	250,891	228,799
Accruals and deferred income	1,169,006	92,888
	2,065,373	924,879

Bank loans are secured by way of fixed or floating charge against the property or undertaking of the company.

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021	2020
	£	£
Bank loans	675,000	900,000
Obligations under finance leases and hire purchase contracts	-	64,097
	675,000	964,097

Bank loans are secured by way of fixed or floating charge against the property or undertaking of the company.

11. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	225,000	100,000
	225,000	100,000
Amounts falling due 1-2 years		
Bank loans	450,000	450,000
	450,000	450,000
Amounts falling due 2-5 years		
Bank loans	225,000	450,000
	225,000	450,000
	900,000	1,000,000

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	-	69,204
Between 1-5 years	-	64,097
	<u>-</u>	<u>133,301</u>
	<u>-</u>	<u>133,301</u>

13. Deferred taxation

	2021 £
Charged to the Statement of comprehensive income	433,771
At end of year	<u><u>433,771</u></u>

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	433,771	-
	<u>433,771</u>	<u>-</u>
	<u>433,771</u>	<u>-</u>

14. Provisions

	£
At 1 January 2021	180,000
Additions	41,600
Utilised during the year	(190,000)
At 31 December 2021	<u><u>31,600</u></u>

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6,000 Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

16. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund amounted to £42,180 (2020 - £47,705). Contributions totalling £7,050 (2020 - £Nil) were payable to the fund at the reporting date and are included in creditors.

17. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	778,500	1,098,396
Later than 1 year and not later than 5 years	1,946,250	2,724,750
	<u>2,724,750</u>	<u>3,823,146</u>
	2021 £	2020 £
Other		
Not later than 1 year	19,152	397
Later than 1 year and not later than 5 years	15,105	-
	<u>34,257</u>	<u>397</u>

COURIER FACILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 Section 1A permitting the aggregation of similar transactions by type of related party.

The turnover from the shareholders during the year totalled £1,591,189 (2020 - £1,722,564) and trade debtors at year end in respect of that turnover was £164,020 (2020 - £175,596).

The purchases from the shareholders during the year totalled £Nil (2020 - £10,473) and trade creditors at the year end in respect of those purchases was £Nil (2020 - £8,812).

The turnover from companies with common directors during the year totalled £85,952 (2020 - £Nil) and trade debtors at the year end in respect of that turnover was £6,970 (2020 - £2,952).

During the year the company sold an item of plant and machinery to a shareholder for consideration of £126,682 (2020 - £Nil).

19. Post balance sheet events

At the date of approval of these accounts, whilst the COVID-19 pandemic remains prevalent, its impact on the business has diminished as verified by the pace of recovery at Heathrow. This resurgence is reflected in our confident outlook for the remainder of 2022.

There are no other subsequent events that require disclosure or adjustments to the financial statements.

20. Controlling party

There is no ultimate controlling party.