

**SPECIALIST AVIATION SERVICES LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

SPECIALIST AVIATION SERVICES LIMITED

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SPECIALIST AVIATION SERVICES LIMITED

Company Information

Directors	K R Van Den Nieuwenhuijzen L A Farajallah R W Ferrari
Company secretary	Harrison Clark (Secretarial) Limited
Registered office	Gloucestershire Airport Staverton Cheltenham GL51 6SS
Solicitors	Harrison Clark Rickerbys Limited 5 Deansway Worcester WR1 2JG
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

SPECIALIST AVIATION SERVICES LIMITED

Directors' Report for the Year Ended 31 December 2022

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

Principal activity

The principal activity of the company is that of holding an investment in a trading subsidiary group, that provides aviation services to various police authorities, air ambulance charities and government agencies and the provision of helicopter products and services.

Directors of the company

The directors who held office during the year were as follows:

K R Van Den Nieuwenhuijzen

L A Farajallah

R W Ferrari

Information included in the Strategic Report

Disclosure regarding future developments, financial instruments and key risks is included in the strategic report.

Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 27 June 2023 and signed on its behalf by:

L A Farajallah
Director

SPECIALIST AVIATION SERVICES LIMITED

Strategic Report for the Year Ended 31 December 2022

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

Principal activities

Since forming in 1984, Specialist Aviation Services has provided aviation solutions for rotary wing aircraft. The Group has its origins in two companies focused on police aviation services and medical aviation services, both set up in the UK over 30 years ago during the infancy of Emergency Services aviation. The Group is able to offer a range of services including aircraft provision, aircraft maintenance and support services, design and installation, and the provision of pilots and training. The Group has also held a long-standing maintenance and engineering relationship with the Kuwait Police Flying Wing and has maintained their fleet of helicopters based in Kuwait.

The UK headquarters are at Gloucestershire Airport in England. From this location we support our customers in Europe and the Middle East. There are around 200 staff including pilots, maintenance, design and logistics staff. The Group also has an MD902 Approved Service Centre located in Genk, Belgium.

In addition to an Air Operator Certificate which covers a variety of specialist operations, SAS holds a wide range of EASA and CAA approvals covering training, maintenance, design, manufacturing and flight testing. SAS holds the prestigious title of being the only UK based Leonardo Helicopters Service Centre of Excellence, which is the highest accolade any operator and Maintenance and Repair Organisation can hold.

During 2019 and in recognition of the need for strategic change, the shareholders/owners of SAS appointed a new Chief Executive Officer, Luke Farajallah. A new strategy, mission, and vision were established, and SAS is now executing this plan which is built around a broadening of its product-base, expanding its range of services, and growing its footprint in new territories. SAS is well placed to compete and win new contracts in its operating sphere.

Review of the business and future developments

Performance during the year was broadly in line with expectations. The strategic decision to move away from the MD902 and into the AW169, made in 2016, introduced a considerable (planned) change to the business model and required investment to ensure the aircraft entered into service successfully. It is expected the company will exit its final MD902 in Q1 of 2024. With six years' experience behind the Group, the true operating metrics of the AW169 are well understood and SAS has led the way in developing the type, and can take much credit for the increasing levels of reliability and availability being delivered. The Belgium operation continued to perform well, and continues to develop a number of key contracts that have significant life remaining on them.

During the year the business successfully mobilised a new contract in Kuwait for the Ministry of the Interior for the maintenance of a number of blue-light and VVIP helicopters which was awarded earlier in the year. This contract sees SAS re-establish itself as a leading provider of aircraft maintenance in the Middle East with the aim of building on this to win further opportunities in this geographic location. It is anticipated that further contracts will be won in this region during 2023.

Furthermore, during 2022, SAS signed a contract to deliver a new AW169 to one of its customers upgrading the capability of the overall service contract with the expectation that more contracts will follow in 2023. This also sees SAS benefit from the interior modification programme which will develop the aircraft to a customary specification for our charity partner.

The broad strategy of the Group has shifted from being almost entirely focused on the provision of support services to the UK Air Ambulance community, to a broader blend of services including the provision of maintenance and design services across its growing customer base. The Middle-East footprint is expected to broaden in time, and it is anticipated that the Belgium organisation will continue to support its customer base with a wide-range of maintenance and support services, based around its long-term relationship with the Federal Police Authority for the maintenance of its fleet.

The directors remain confident that Group performance in the future will benefit from high demand for our helicopter emergency services, design & completion capability, maintenance expertise, and training support. The Group expects to see expansion opportunities across all of these product-lines. The core business is based around multi-year contracts and often with charitable trusts, providing for a stable environment in which to conduct business. Our track record as a trusted partner continues to support our move into new markets and geographies.

SPECIALIST AVIATION SERVICES LIMITED

Strategic Report for the Year Ended 31 December 2022

Key performance indicators

Given the nature of the business, the Groups' directors are of the opinion that key performance indicators are important. We use a number of indicators to monitor and improve the development, performance and position of the business. Service indicators such as aircraft availability, flying hours and maintenance efficiency metrics are reviewed and altered to meet changes in the internal and external environments.

Results and dividends

The results for the year, which are set out in the profit and loss account, show turnover of £24.3m (2021 - £24.7m) and a pre-tax profit of £2.7m (2021 - loss £6.1m). The directors do not recommend a dividend.

The Group has tangible fixed assets including aircraft and equipment and tools valued at £30.9m (2021 - £52.9m), stock of £5.2m (2021 - £5.1m) and trade debtors of £1.2m (2021 - £1.0m). The Group had net debt (bank loans and cash at hand and in bank) of £27.9m (2021 - £54.5m) and trade creditors (including payments on account) of £2.8m (2021 - £1.9m).

Financial risk management

The Group's financial instruments comprise cash and liquid resources, loans and borrowings, and various other items such as trade debtors and trade creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the Group. The main risks arising from the Group's financial instruments are set out below.

The Group's revenues are sensitive to the availability and usage of aircraft. The availability of aircraft will closely correlate to our service and maintenance performance. The Group mitigates the risk of reduced revenue by maintaining thorough maintenance performance and planning.

The Group has a number of relief aircraft to cover routine maintenance of primary aircraft, in support of aircraft availability.

The Group is exposed to a number of financial risks, which through a risk management programme the directors have sought to minimise.

The Group manages liquidity risk by managing bank credit risk and diversifying the sources of financing with a range of maturities and interest rates.

The Group manages inflation risk by entering into inflation adjusted contracts, which allows some insulation from the risk of inflation in its operating cost base. The directors will continue to monitor the effects of inflation on the operating environment.

The Group manages credit risk and counterparty risk with financial institutions, customers and suppliers. The risk arises in respect of a deterioration in a customer's credit quality and is managed by undertaking thorough credit checks before entering into commercial contracts. Cash flow risk associated with selling on credit is managed by implementing a credit control process.

The Group is exposed to interest rate risk as it has interest-bearing liabilities and any movement in the Bank of England Base Rate could increase the cost of funding. To manage exposure to interest rate fluctuations on borrowings the Group will vary the proportion of fixed rate debt relative to floating rate debt to reflect the underlying commitments. The Group does not currently have any interest rate hedging.

The Group seeks to reduce the exposure to volatility in earnings and cash flows from movements in foreign currency exchange rates. The Group is exposed to a number of foreign currencies, with the most significant being Euro, US Dollar and Kuwaiti Dinar. The risk of fluctuation in foreign exchange rate is managed by matching sales and purchases in the same currency where possible.

SPECIALIST AVIATION SERVICES LIMITED

Strategic Report for the Year Ended 31 December 2022

Going concern and post balance sheet events

The company has fully recovered from the impact of the pandemic, and whilst there continues to be an awareness of possible outbreaks, it is not anticipated that even if this does happen, it will materially impact the business. The Group derives the majority of its income from long-term Air Ambulance contracts. The other income in the business is derived from supporting 3rd party maintenance, design and aircraft parts sales have also seen a full recovery to normal operations throughout 2022.

In response to the challenges caused by COVID-19, the Directors introduced a number of measures to protect the financial position of the business and some of these have been established as good financial practice for the future (cash preservation, supplier price negotiations etc.). At the same time, the business continues to invest in AW169 aircraft infrastructure, and training to improve operating efficiencies and support future growth.

The financial and operational measures in place reaffirm the Group's ability to continue as a going concern. Specialist Aviation Services has access to considerable financial resources via its private family ownership. The Group has throughout 2021 engaged in a refinancing programme which completed in Q1 2022. This has reduced the debt burden considerably, resulted in a change of banking partner and has allowed the Group to invest in future strategic projects such as the recent award of a 3-year contract for further work in Kuwait for the Ministry of the Interior for the maintenance of a number of blue-light and VVIP helicopters. To assist with the financing requirements, the Group will continue with asset sales to contribute to the future cash requirements and further debt reduction.

The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 27 June 2023 and signed on its behalf by:

L A Farajallah
Director

SPECIALIST AVIATION SERVICES LIMITED

Statement of Directors' Responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPECIALIST AVIATION SERVICES LIMITED

Independent Auditor's Report to the Members of Specialist Aviation Services Limited

Opinion

We have audited the financial statements of Specialist Aviation Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 director's 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 original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

SPECIALIST AVIATION SERVICES LIMITED

Independent Auditor's Report to the Members of Specialist Aviation Services Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Independent Auditor's Report to the Members of Specialist Aviation Services Limited

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;.
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court

Staverton

Cheltenham

GL51 0UX

27 June 2023

SPECIALIST AVIATION SERVICES LIMITED

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	<u>3</u>	24,311	24,673
Cost of sales - normal		(19,515)	(18,788)
Cost of sales - exceptional	<u>6</u>	<u>(732)</u>	<u>-</u>
Gross profit		4,064	5,885
Administrative expenses - normal		(10,489)	(9,136)
Administrative expenses - exceptional	<u>6</u>	<u>2,918</u>	<u>402</u>
Operating loss	<u>4</u>	(3,507)	(2,849)
Interest payable and similar charges - normal	<u>7</u>	(2,515)	(3,290)
Interest payable and similar charges - exceptional	<u>6</u>	<u>8,749</u>	<u>-</u>
Profit/(loss) before tax		2,727	(6,139)
Taxation	<u>10</u>	<u>768</u>	<u>1,311</u>
Profit/(loss) for the financial year		<u><u>3,495</u></u>	<u><u>(4,828)</u></u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

SPECIALIST AVIATION SERVICES LIMITED

(Registration number: 01848773)

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	<u>11</u>	30,894	52,905
Current assets			
Stocks	<u>13</u>	5,228	5,110
Debtors	<u>14</u>	10,091	6,407
Cash at bank and in hand	<u>15</u>	3,725	299
		<u>19,044</u>	<u>11,816</u>
Creditors: Amounts falling due within one year	<u>16</u>	(16,164)	(20,318)
Net current assets/(liabilities)		<u>2,880</u>	<u>(8,502)</u>
Total assets less current liabilities		<u>33,774</u>	<u>44,403</u>
Creditors: Amounts falling due after more than one year	<u>16</u>	(27,724)	(44,357)
Net assets		<u><u>6,050</u></u>	<u><u>46</u></u>
Capital and reserves			
Called up share capital	<u>19</u>	7,876	5,367
Retained earnings	<u>20</u>	(1,826)	(5,321)
Total equity		<u><u>6,050</u></u>	<u><u>46</u></u>

Approved and authorised by the Board on 27 June 2023 and signed on its behalf by:

L A Farajallah
Director

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

(Registration number: 01848773)

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	<u>11</u>	20,049	41,458
Current assets			
Stocks	<u>13</u>	5,228	5,110
Debtors	<u>14</u>	10,091	6,407
Cash at bank and in hand	<u>15</u>	3,656	261
		<u>18,975</u>	<u>11,778</u>
Creditors: Amounts falling due within one year	<u>16</u>	(12,970)	(20,128)
Net current assets/(liabilities)		<u>6,005</u>	<u>(8,350)</u>
Total assets less current liabilities		<u>26,054</u>	<u>33,108</u>
Creditors: Amounts falling due after more than one year	<u>16</u>	(20,004)	(34,538)
Net assets/(liabilities)		<u><u>6,050</u></u>	<u><u>(1,430)</u></u>
Capital and reserves			
Called up share capital	<u>19</u>	7,876	5,367
Retained earnings		<u>(1,826)</u>	<u>(6,797)</u>
Total equity		<u><u>6,050</u></u>	<u><u>(1,430)</u></u>

The company made a profit after tax for the financial year of £4,970,578 (2021 - loss of £6,304,000).

Approved and authorised by the Board on 27 June 2023 and signed on its behalf by:

L A Farajallah
Director

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	5,367	(493)	4,874
Loss for the year	-	(4,828)	(4,828)
At 31 December 2021	<u>5,367</u>	<u>(5,321)</u>	<u>46</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	5,367	(5,321)	46
Profit for the year	-	3,495	3,495
New share capital subscribed	<u>2,509</u>	<u>-</u>	<u>2,509</u>
At 31 December 2022	<u>7,876</u>	<u>(1,826)</u>	<u>6,050</u>

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	5,367	(493)	4,874
Loss for the year	-	(6,304)	(6,304)
At 31 December 2021	<u>5,367</u>	<u>(6,797)</u>	<u>(1,430)</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	5,367	(6,797)	(1,430)
Profit for the year	-	4,971	4,971
New share capital subscribed	2,509	-	2,509
At 31 December 2022	<u>7,876</u>	<u>(1,826)</u>	<u>6,050</u>

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		3,495	(4,828)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>4</u>	2,793	3,808
Profit on disposal of tangible assets		(2,918)	(402)
Finance income		(8,749)	-
Finance costs	<u>7</u>	2,515	3,290
Income tax expense	<u>10</u>	(768)	(1,311)
		(3,632)	557
Working capital adjustments			
(Increase)/decrease in stocks	<u>13</u>	(118)	261
Increase in trade debtors	<u>14</u>	(2,916)	(698)
Increase in trade creditors	<u>16</u>	4,899	2,385
Net cash flow from operating activities		(1,767)	2,505
Cash flows from investing activities			
Acquisitions of tangible assets	<u>11</u>	(205)	(410)
Proceeds from sale of tangible assets		22,341	14,338
Net cash flows from investing activities		22,136	13,928
Cash flows from financing activities			
Interest paid		(2,515)	(3,290)
Proceeds from bank borrowing draw downs		15,300	-
Repayment of bank borrowing		(29,613)	(11,758)
Net cash flows from financing activities		(16,828)	(15,048)
Net increase in cash and cash equivalents		3,541	1,385
Cash and cash equivalents at 1 January		184	(1,201)
Cash and cash equivalents at 31 December		<u>3,725</u>	<u>184</u>

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

	At 1 January 2022 £ 000	Cash flows £ 000	Other non cash changes £ 000	At 31 December 2022 £ 000
Analysis of changes in net debt				
Cash and cash equivalents				
Cash	299	3,426	-	3,725
Overdraft	(115)	115	-	-
	<u>184</u>	<u>3,541</u>	<u>-</u>	<u>3,725</u>
Borrowings				
Due within 1 year	(10,167)	14,313	(7,894)	(3,748)
Due after 1 year	(44,357)	-	16,633	(27,724)
	<u>(54,524)</u>	<u>14,313</u>	<u>8,739</u>	<u>(31,472)</u>
Total net debt	<u>(54,340)</u>	<u>17,854</u>	<u>8,739</u>	<u>(27,747)</u>

The notes on pages 17 to 30 form an integral part of these financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Gloucestershire Airport
Staverton
Cheltenham
GL51 6SS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions available to qualifying entities in preparing these consolidated financial statements, as permitted by FRS 102:

- the requirements of Section 33 Related Party Disclosures paragraph 33.7; and
- the requirements of certain paragraphs within Sections 11 and 12 relating to Financial Instruments.

The company has taken advantage of the following disclosure exemptions available to qualifying entities in preparing its separate financial statements, as permitted by FRS 102:

- 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 33 Related Party Disclosures paragraph 33.7; and
- the requirements of certain paragraphs within Sections 11 and 12 relating to Financial Instruments.

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

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Going concern

The company has fully recovered from the impact of the pandemic, and whilst there continues to be an awareness of possible outbreaks, it is not anticipated that even if this does happen, it will materially impact the business.

Despite the challenges of previous years, including the impact of the pandemic, additional import and export complexity that has arisen post Brexit, and the impact on some elements of the supply chain from the war in Ukraine, the Group continues to operate and support HEMS missions for our customers throughout the world to normal levels of operational availability. The Group derives most of its income from long-term Air Ambulance contracts, but also has income streams from 3rd party maintenance, design and aircraft part sales, which have all continued and grown organically since the pandemic. Furthermore, in 2021 the revenue business models, that affect the price charges for services, have been adjusted to respond to market forces affecting the operating cost structure and the group continues to invest in AW169 aircraft infrastructure to improve operating efficiencies and support future growth. The group has access to considerable financial resources via its private family ownership and the group will be able to continue to raise capital in order to continue operations and invest in future strategic projects and furthermore, in Q1 2022 the Group completed a refinancing programme, which reduced the debt burden considerably and enabling further growth. An example of this further growth is an exciting 3-year contract for work in Kuwait for the Ministry of the Interior for the maintenance of a number of blue-light and VVIP helicopters. Having established this footprint in the Middle-East, SAS has gone further in the region through the signing of a 5-year contract to maintain the fleet of helicopters belonging to the Royal Air Wing. To assist with the financing requirements, the Group will continue with asset sales to contribute to the future cash requirements and further debt reduction.

After reviewing the Group's forecast, the Group is on track to continue reporting operating profits and is projected to generate positive cash flows from operations in 2023. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Judgements and estimation uncertainty

The Directors are required to make various judgements and estimates in respect of: the residual value of fixed assets; the fair value of stock held; the recoverability of trade debtor balances; and amounts recoverable on long term contracts.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

The current 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 group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Foreign tax incurred is recognised as a debtor to the extent that it is considered recoverable.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation, including capitalised interest. Tangible assets are only depreciated once the asset is brought into commission.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	20 years (5% per annum)
Equipment, tools, fixtures & fittings	6.7 years (5% per annum)
Aircraft	written down to residual value of £750,000 to £1m over remaining life up to 25 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stock and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

Loans and borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Operating lease rental income and expenditure are credited / charged to the profit and loss account on a straight line basis over the period of the lease.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial assets is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

The analysis of the group's revenue for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Rendering of services	20,391	21,661
Sale of parts	3,920	3,012
	<u>24,311</u>	<u>24,673</u>

The analysis of the group's Turnover for the year by market is as follows:

	2022	2021
	£ 000	£ 000
UK	19,225	23,497
Europe	1,609	1,013
Rest of world	3,477	163
	<u>24,311</u>	<u>24,673</u>

4 Operating loss

Arrived at after charging/(crediting):

	2022	2021
	£ 000	£ 000
Depreciation expense	2,793	3,809
Foreign exchange losses/(gains)	313	(26)
Operating lease expense - property	566	552
Profit on disposal of property, plant and equipment	<u>(2,918)</u>	<u>(402)</u>

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

5 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of these financial statements	28	26

6 Exceptional items

	2022	2021
	£ 000	£ 000
Impairment of stock	732	-
Profit on disposal of aircraft	(2,918)	(402)
Exceptional item as a result of the refinancing programme in Q1 2022	(8,749)	-

7 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest on loans and borrowings - normal	2,515	3,290
Interest on loans and borrowings - exceptional (see note 6 and 17)	8,749	-
	11,264	3,290

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Staff costs

Group and company

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	11,168	9,427
Social security costs	1,182	1,156
Pension costs, defined contribution scheme	549	590
Redundancy costs	20	179
	<u>12,919</u>	<u>11,352</u>

The average number of persons employed by the group and the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Pilotage	53	49
Engineering	69	40
Management and administration	56	58
	<u>178</u>	<u>147</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Remuneration	423	448
Contributions paid to money purchase schemes	53	29
	<u>476</u>	<u>477</u>

During the year the number of directors who were receiving benefits was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Remuneration	295	301
Company contributions to money purchase pension schemes	<u>33</u>	<u>20</u>

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Taxation

Tax charged/(credited) in the consolidated profit and loss account

2022	2021
£ 000	£ 000

Deferred taxation

Arising from origination and reversal of timing differences	(768)	(1,311)
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The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

2022	2021
£ 000	£ 000

Profit/(loss) before tax	2,727	(6,139)
Corporation tax at standard rate	518	(1,166)
Effect of revenues exempt from taxation	(1,642)	-
Effect of expense not deductible in determining taxable profit (tax loss)	326	(18)
Effect of tax losses	-	(143)
Deferred tax expense relating to changes in tax rates or laws	-	56
Other tax effects for reconciliation between accounting profit and tax expense (income)	30	(40)
Total tax credit	(768)	(1,311)

Deferred tax

Group and Company

Deferred tax (assets) / liabilities:

2022	2021
£ 000	£ 000

Accumulated depreciation in excess of capital allowances	4,114	3,929
Losses carried forwards	(6,152)	(5,203)
Deferred tax on revaluation of aircraft	322	322
Other timing differences	(22)	(18)
	(1,738)	(970)

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Tangible assets

Group

	Long leasehold land and buildings £ 000	Aircraft £ 000	Equipment, tools, fixtures and fittings £ 000	Total £ 000
Cost				
At 1 January 2022	13	60,543	6,037	66,593
Additions	-	-	205	205
Disposals	-	(23,754)	(377)	(24,131)
At 31 December 2022	13	36,789	5,865	42,667
Depreciation				
At 1 January 2022	13	11,324	2,351	13,688
Charge for the year	-	2,399	394	2,793
Eliminated on disposal	-	(4,549)	(159)	(4,708)
At 31 December 2022	13	9,174	2,586	11,773
Carrying amount				
At 31 December 2022	-	27,615	3,279	30,894
At 31 December 2021	-	49,219	3,686	52,905

Within Aircraft are capitalised borrowing costs of £1,240,570 (2021 - £1,636,000).

Company

	Long leasehold land and buildings £ 000	Aircraft £ 000	Equipment, tools, fixtures and fittings £ 000	Total £ 000
Cost				
At 1 January 2022	13	46,689	6,037	52,739
Additions	-	-	205	205
Disposals	-	(23,754)	(377)	(24,131)
At 31 December 2022	13	22,935	5,865	28,813
Depreciation				
At 1 January 2022	13	8,917	2,351	11,281
Charge for the year	-	1,797	394	2,191
Eliminated on disposal	-	(4,549)	(159)	(4,708)
At 31 December 2022	13	6,165	2,586	8,764
Carrying amount				
At 31 December 2022	-	16,770	3,279	20,049
At 31 December 2021	-	37,772	3,686	41,458

Within Aircraft are capitalised borrowing costs of £82,000 (2021 - £1,080,000).

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Investments

Company

Subsidiaries

£

Cost and carrying amount

At 1 January 2022 and at 31 December 2022

3

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2022	2021
SAS (Kent) Limited	England & Wales	Ordinary	100%	100%
Specialist Aviation Services (123) Limited		Ordinary	100%	100%
SAS (Surrey & Sussex) Limited	England & Wales	Ordinary	100%	100%

The principal activity of SAS (Kent) Limited and SAS (Surrey & Sussex) Limited is leasing of aircraft. Specialist Aviation Services (123) Limited also had the same activity until 16 December 2021, when it ceased to trade further to the disposal of its aircraft. All subsidiaries have the same registered office as that of the company.

13 Stocks

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Work in progress	733	287	733	287
Finished goods	4,495	4,823	4,495	4,823
	<u>5,228</u>	<u>5,110</u>	<u>5,228</u>	<u>5,110</u>

14 Debtors

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Trade debtors	1,200	1,030	1,200	1,030
Other debtors	1	1	1	1
Prepayments and accrued income	7,152	4,406	7,152	4,406
Deferred tax assets	1,738	970	1,738	970
	<u>10,091</u>	<u>6,407</u>	<u>10,091</u>	<u>6,407</u>

Details of non-current trade and other debtors

Company

£199,000 (2021 - £245,000) of accrued income is classified as non current.

Included within prepayments and accrued income is an accrued sum in relation to an ongoing claim, the value of which is not being disclosed due to the sensitivity of the balance.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

15 Cash and cash equivalents

	Note	Group		Company	
		2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Cash at bank		3,725	299	3,656	261
Bank overdrafts	<u>17</u>	-	(115)	-	(115)
Cash and cash equivalents in statement of cash flows		<u>3,725</u>	<u>184</u>	<u>3,656</u>	<u>146</u>

16 Creditors

		Group		Company	
	Note	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Due within one year					
Loans and borrowings	<u>17</u>	3,748	10,282	1,659	9,249
Trade creditors		2,807	1,903	2,807	1,903
Amounts due to related parties		1,567	3,741	463	4,584
Social security and other taxes		2,170	183	2,170	183
Other creditors		742	911	741	911
Accrued expenses		3,155	3,179	3,155	3,179
Customer deposits		1,975	119	1,975	119
		<u>16,164</u>	<u>20,318</u>	<u>12,970</u>	<u>20,128</u>
Due after one year					
Loans and borrowings	17	27,724	44,357	20,004	34,538

Included within accrued expenses is an accrued sum in relation to an ongoing claim, the value of which is not being disclosed due to the sensitivity of the balance.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

17 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	2,283	9,490	1,659	9,134
Bank overdrafts	-	115	-	115
Other borrowings	1,465	677	-	-
	<u>3,748</u>	<u>10,282</u>	<u>1,659</u>	<u>9,249</u>
	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	22,554	40,381	20,004	34,538
Other borrowings	5,170	3,976	-	-
	<u>27,724</u>	<u>44,357</u>	<u>20,004</u>	<u>34,538</u>

Included in group bank borrowings and other borrowings is £Nil (2021 - £19,193,000) due to be paid after five years in instalments. Included in company bank borrowings and other borrowings is £Nil (2021 - £15,880,000) due to be paid after five years in instalments. During 2020 the group engaged in a refinancing programme that completed in Q1 2022 to reduce the debt burden and allow the group to invest in future strategic projects. As a result of the refinancing there is a non-recurring credit to the Profit and Loss account recognised in the current year. See Note 6 for further details.

Bank borrowings and other borrowings are secured on the aircraft owned by the group and company and by group guarantees provided by Specialist Aviation Services Group Limited and European Support Centre BV.

18 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £549,000 (2021 - £590,000).

Pension scheme contributions totalling £74,000 (2021 - £52,000) were payable to the schemes at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	7,876	7,876	5,367	5,367

New shares allotted

During the year 2,509,000 Ordinary shares having an aggregate nominal value of £2,509,000 were allotted for an aggregate consideration of £2,509,000.

SPECIALIST AVIATION SERVICES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

20 Reserves

Profit and loss account

This reserves includes cumulative retained profits and losses after distributions by way of dividends. At 31 December 2022 the Group had a retained earnings deficit of £2,536,000 (2021 - £5,947,000), of which gains of £1,498,000 are undistributable (2021 - £1,501,000). Undistributable reserves relate to aircraft held at valuation under previous UK GAAP. On transition to FRS 102 the Group opted to treat such valuations as deemed cost. The undistributable amount of retained earnings will become distributable as these revaluation gains are realised, either through excess depreciation or aircraft disposal.

21 Obligations under operating leases

Group and Company

The total of future minimum lease payments is as follows:

	2022	2021
	£ 000	£ 000
Not later than one year	387	444
Later than one year and not later than five years	1,158	1,547
Later than five years	1,485	1,612
	<u>3,030</u>	<u>3,603</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £444,000 (2021 - £400,000).

22 Commitments

Group and Company

Capital commitments

Additionally in the current year the Company has contracted, but not provided for in the financial statements, for the purchase of aircraft parts of £nil (2021: £376,000).

23 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 10 to the financial statements.

During the year the company sold an aircraft for its market value as if in an arms length transaction to a company outside the UK Group which is controlled by the ultimate parent company.

24 Parent and ultimate parent undertaking

The company's immediate parent is Specialist Aviation Services Group Limited, incorporated in England & Wales.

The ultimate parent is Hawkfield Corporation N.V., incorporated in Curacao.

The most senior parent entity producing publicly available financial statements is Specialist Aviation Services Group Limited. These financial statements are available upon request from Companies House.

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.