

Company Registration No. 03413858 (England and Wales)

AIR LINK SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

AIR LINK SYSTEMS LIMITED

COMPANY INFORMATION

Directors	Mr M L Fletcher Mr P K Fletcher Mr S J Smith Mr P J Barguss Mr L Higgins
Company number	03413858
Registered office	Neo Park Wharfdale Road Birmingham West Midlands B11 2DF
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY
Bankers	National Westminster Bank Plc 1 St Phillips Place Birmingham West Midlands B3 2PP

AIR LINK SYSTEMS LIMITED

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AIR LINK SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The 2020 financial year showed a 24% decrease in turnover from the previous year. This was mostly as a result of the COVID-19 global pandemic. In spite of this the company has managed to retain a strong gross profit margin of 35.5% which is in excess of 30.1% achieved in 2019.

Overall the company has been profitable and the balance sheet continues to show a strong net asset position which is now in excess of £4.5 million.

The directors are confident that performance and profitability will be maintained into 2021.

Principal risks and uncertainties

Competitive pressure in the retail sector is a continuing risk to the company and in order to manage this risk, the company continues to focus on the delivery of a quality service to its customers. Building strong relationships with existing customers and continuing to expand its customer base and the range of products to those customers is assisting the company in meeting the changing needs of the market place.

Future Developments

The company will seek to develop business through close working relationships with its customers and meeting the needs of those customers.

Key Performance Indicators

The directors measure performance based upon turnover gross profit margin and the cash position of the entity. Turnover decreased by 24% from 2019. The entities gross profit margin increased to 35.5% in 2020 from a margin of 30.1% in 2019. Cash at the year end was £1.7 million compared to £1.2 million in 2019.

On behalf of the board

Mr M L Fletcher

Director

21 September 2021

AIR LINK SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of fit-out operations across the retail, banking and leisure sectors of industry.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M L Fletcher

Mr P K Fletcher

Mr S J Smith

Mr P J Barguss

Mr L Higgins

Mr N C Davis

(Appointed 23 January 2020 and resigned 18 May 2021)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £670,000. The directors do not recommend payment of a final dividend.

Financial risk management

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit Risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Business Risk

The company's business may be affected by fluctuations in the price of and supply of key products although purchasing practices seek to mitigate this exposure.

Research and development

The company engaged in research and development activities in the financial year.

Future developments

Information about future developments can be found within the strategic report on page 1.

Auditor

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

AIR LINK SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr M L Fletcher

Director

21 September 2021

AIR LINK SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF AIR LINK SYSTEMS LIMITED

Opinion

We have audited the financial statements of Air Link Systems Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2020 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

AIR LINK SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF AIR LINK SYSTEMS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

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.

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

Based on our understanding of the company, we identified the principle risks of non-compliance with laws and regulations including those that have a direct impact on the preparation of financial statements such as the Companies Act 2006, and the extent to which non-compliance might have a material effect on the financial statements. Audit procedures performed included discussions with management, testing of journals, designing and performing audit procedures and challenging assumptions and judgements made by management.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AIR LINK SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF AIR LINK SYSTEMS LIMITED

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Peter Ormerod FCA (Senior Statutory Auditor)
For and on behalf of Ormerod Rutter Limited

21 September 2021

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

AIR LINK SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	13,648,270	17,922,174
Cost of sales		(8,801,417)	(12,522,536)
Gross profit		4,846,853	5,399,638
Administrative expenses		(4,238,782)	(4,446,414)
Other operating income		210,315	-
Operating profit	4	818,386	953,224
Interest receivable and similar income	7	150	9,834
Interest payable and similar expenses	8	(10,375)	(13,065)
Amounts written off investments	9	(101)	-
Profit before taxation		808,060	949,993
Taxation	10	(98,835)	(116,924)
Profit for the financial year	26	709,225	833,069

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AIR LINK SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	12		243,402		306,853
Investments	13		1		102
			<u>243,403</u>		<u>306,955</u>
Current assets					
Stocks	14	554,956		415,513	
Debtors	16	7,645,625		9,832,096	
Cash at bank and in hand		1,672,555		1,189,448	
		<u>9,873,136</u>		<u>11,437,057</u>	
Creditors: amounts falling due within one year	17	(5,582,835)		(7,249,533)	
Net current assets			<u>4,290,301</u>		<u>4,187,524</u>
Total assets less current liabilities			<u>4,533,704</u>		<u>4,494,479</u>
Provisions for liabilities	21		(7,726)		(7,726)
Net assets			<u><u>4,525,978</u></u>		<u><u>4,486,753</u></u>
Capital and reserves					
Called up share capital	25		400		400
Profit and loss reserves	26		4,525,578		4,486,353
Total equity			<u><u>4,525,978</u></u>		<u><u>4,486,753</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 September 2021 and are signed on its behalf by:

Mr M L Fletcher
Director

Mr P K Fletcher
Director

Company Registration No. 03413858

AIR LINK SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2019		400	3,653,284	3,653,684
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	833,069	833,069
Balance at 31 December 2019		400	4,486,353	4,486,753
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	709,225	709,225
Dividends	11	-	(670,000)	(670,000)
Balance at 31 December 2020		400	4,525,578	4,525,978

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Air Link Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Neo Park, Wharfdale Road, Birmingham, West Midlands, United Kingdom, B11 2DF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements contain information about Air Link Systems Limited as an individual company only and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements on the basis that it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Air Link Group Limited. The registered office of Air Link Group Limited is Neo Park, Wharfdale Road, Birmingham, West Midlands, B11 2DF.

1.2 Going concern

These financial statements have been drawn up on the going concern basis. If the going concern basis were not appropriate, adjustments would have been made to reduce assets to recoverable amounts, to provide for any further liabilities that might arise, and to re-classify fixed assets as current assets and long term liabilities as current liabilities.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financial arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33% on cost, 13% on cost and 10% on cost
Plant and equipment	20% on cost
Fixtures and fittings	33% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Leasehold improvements are depreciated using the rate that best corresponds to the expected remaining period of usage of the leased property.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

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

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Debt factoring arrangements

The company has entered into a debt factoring arrangement for certain trade debtors. Amounts due from factored customers are included within trade debtors, with the amount due to the factoring company included within other creditors.

2 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 amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed asset useful economic lives

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually and are amended when necessary to reflect current estimates.

Deferred tax

Deferred tax assets are only recognised to the extent to which it can be regarded as more likely than not that the company will generate sufficient future taxable profits from which the reversal of the underlying timing differences can be deducted.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Construction contracts	13,648,270	17,922,174
	<u>13,648,270</u>	<u>17,922,174</u>
Other significant revenue		
Interest income	150	239
Dividends received	-	9,595
Grants received	210,315	-
	<u>210,315</u>	<u>9,595</u>
Turnover analysed by geographical market		
United Kingdom	13,322,550	17,518,746
Republic of Ireland	229,020	247,582
Other European countries	93,035	155,846
Other overseas countries	3,665	-
	<u>13,648,270</u>	<u>17,922,174</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(24,836)	(27,855)
Research and development costs	2,365	915
Government grants	(210,315)	-
Depreciation of owned tangible fixed assets	113,529	96,406
Depreciation of tangible fixed assets held under finance leases	-	9,427
	<u>113,529</u>	<u>96,406</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,800	12,400
	<u>12,800</u>	<u>12,400</u>

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Warehouse and administration	46	61

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,037,129	2,057,797
Social security costs	169,737	190,172
Pension costs	31,868	33,755
	2,238,734	2,281,724

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	150	239
Income from fixed asset investments		
Income from shares in group undertakings	-	9,595
Total income	150	9,834

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	9,711	11,210
Interest on finance leases and hire purchase contracts	664	1,855
	10,375	13,065

9 Amounts written off investments

	2020 £	2019 £
Loss on disposal of investments held at fair value	(101)	-

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	98,835	128,710
Adjustments in respect of prior periods	-	(11,786)
Total current tax	<u>98,835</u>	<u>116,924</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>808,060</u>	<u>949,993</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	153,531	180,499
Tax effect of expenses that are not deductible in determining taxable profit	550	4,081
Tax effect of income not taxable in determining taxable profit	-	(1,823)
Group relief	(912)	-
Depreciation on assets not qualifying for tax allowances	17,927	18,682
Research and development tax credit	(64,941)	(66,489)
Under/(over) provided in prior years	-	(11,786)
Depreciation in excess of capital allowances	<u>(7,320)</u>	<u>(6,240)</u>
Taxation charge for the year	<u>98,835</u>	<u>116,924</u>

11 Dividends

	2020 £	2019 £
Interim paid	<u>670,000</u>	<u>-</u>

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2020	910,803	67,780	475,520	28,919	1,483,022
Additions	-	-	-	50,078	50,078
At 31 December 2020	910,803	67,780	475,520	78,997	1,533,100
Depreciation and impairment					
At 1 January 2020	629,771	67,662	473,314	5,422	1,176,169
Depreciation charged in the year	94,350	102	1,414	17,663	113,529
At 31 December 2020	724,121	67,764	474,728	23,085	1,289,698
Carrying amount					
At 31 December 2020	186,682	16	792	55,912	243,402
At 31 December 2019	281,032	118	2,206	23,497	306,853

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Leasehold improvements	-	29,779
Depreciation charge for the year in respect of leased assets	-	9,427

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries		1	102
Movements in fixed asset investments			
			Shares in group undertakings
			£
Cost or valuation			
At 1 January 2020			102
Disposals			(101)
At 31 December 2020			1
Carrying amount			
At 31 December 2020			1
At 31 December 2019			102

Air Link Services Limited

Included in fixed asset investments held by the company is one Ordinary B share in Air Link Services Limited, which is a non-voting share. 90% of the Ordinary A shares of Air Link Services Limited are owned by Air Link Group Limited, the parent company of Air Link Systems Limited.

Air Link Group Limited prepares consolidated accounts which include Air Link Systems Limited and Air Link Services Limited.

European Retail Engineering Limited

During the financial year, the company fully disposed of its financial investment in its subsidiary undertaking European Retail Engineering Limited as part of a group restructure.

European Retail Engineering Limited did not trade in the period up to the disposal of shares, so the financial results will not be included in the consolidated group accounts of Air Link Group Limited.

14 Stocks

	2020 £	2019 £
Raw materials and consumables	554,956	415,513

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Construction contracts

	2020 £	2019 £
Contracts in progress at the reporting date		
Gross amounts owed by contract customers included in debtors	322,040	857,896
Contract revenues recognised		
Contract costs incurred plus recognised profits less recognised losses to date	13,648,270	17,922,174

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,078,246	5,379,317
Gross amounts owed by contract customers	322,040	857,896
Amounts owed by group undertakings	3,584,337	3,158,080
Other debtors	439,450	233,971
Prepayments and accrued income	221,552	202,832
	7,645,625	9,832,096

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	4,751	368
Obligations under finance leases	19	-	10,369
Payments received on account		-	224,812
Trade creditors		2,329,916	3,249,739
Amounts owed to group undertakings		17	-
Corporation tax		98,847	105,917
Other taxation and social security		917,387	695,410
Other creditors		2,164,486	2,928,077
Accruals and deferred income		67,431	34,841
		5,582,835	7,249,533

Included within other creditors is an amount owed to Lloyds Bank Commercial Finance Limited by way of a debt factoring agreement of £2,002,259 (2019 - £2,642,195).

Air Link Systems Limited has an asset debenture charge with a full title guarantee charges to Lloyds TSB Commercial Finance Limited in respect of all property and assets present and any owned in the future by Air Link Systems Limited.

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	4,751	368
	<u>4,751</u>	<u>368</u>
Payable within one year	4,751	368
	<u>4,751</u>	<u>368</u>

19 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	-	10,690
Less: future finance charges	-	(321)
	<u>-</u>	<u>10,369</u>
	<u>-</u>	<u>10,369</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Secured debts

The following secured debts are included within creditors:

	2020 £	2019 £
Hire purchase contracts	-	10,369
Bank overdrafts	4,751	368
	<u>4,751</u>	<u>10,737</u>
	<u>4,751</u>	<u>10,737</u>

Hire purchase contracts are secured against the assets to which they relate.

21 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	22	7,726	7,726
		<u>7,726</u>	<u>7,726</u>
		<u>7,726</u>	<u>7,726</u>

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2020	2019
Balances:	£	£
Accelerated capital allowances	7,726	7,726

There were no deferred tax movements in the year.

23 Secured debts

	2020	2019
	£	£
The following secured debts are included within creditors		
Bank overdrafts	4,751	368
Lloyds Bank Commercial Finance	2,002,259	2,642,195
NatWest Commercial Credit Card	16,337	24,355
	<u>2,023,347</u>	<u>2,666,918</u>

Lloyds TSB Commercial Finance Ltd holds an all assets debenture over the company, securing all monies due, secured on specific charges over leased property, plant, machinery, computers and other equipment, book debts, goodwill of the company, uncalled share capital, intellectual property and any insurance claims due and a floating charge over the undertaking and all assets not covered by specific charges.

NatWest holds a mortgage debenture over the company, securing all monies due, secured on specific charges over leased property, plant, machinery, computers and other equipment, book debts, goodwill of company and intellectual property and a floating charge over the undertaking and all assets not covered by specific charges.

24 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>31,868</u>	<u>33,755</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Pension commitment amounts outstanding at the year end amounted to £7,075 (2019: £15,612)

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
400 Ordinary Shares of £1 each	400	400

26 Profit and loss reserves

This represents the accumulated realised earnings from the prior and current periods as reduced by losses and dividends from time to time.

27 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	403,770	397,310
Between two and five years	326,856	672,923
	<u>730,626</u>	<u>1,070,233</u>

28 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020 £	2019 £	2020 £	2019 £
Other related parties	<u>241,339</u>	<u>249,705</u>	<u>1,682,744</u>	<u>1,791,555</u>

	Management charges payable/(receivable)	
	2020 £	2019 £
Entities with control over the company	438,500	320,000
Other group entities	<u>5,000</u>	<u>-</u>

AIR LINK SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Other related parties	66,097	129,719

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due from related parties		
Entities over which the entity has control	-	183
Entities with control over the company	3,408,980	2,988,846
Other group entities	175,357	175,890

29 Ultimate controlling party

The ultimate parent company and ultimate controlling party is Air Link Group Limited, which owns 90% of the issued share capital.

No single party has overall control of Air Link Group Limited.

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.