

AIR LINK GROUP LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

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FOR THE YEAR ENDED 31ST DECEMBER 2015**

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AIR LINK GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2015

DIRECTORS:	Mr M Fletcher Mr P K Fletcher Mr P L Mousley Mr K L Fletcher Mr S J Smith Mr P J Barguss
SECRETARY:	Mr P L Mousley
REGISTERED OFFICE:	Neo Park Wharfdale Road Birmingham West Midlands B11 2DF
REGISTERED NUMBER:	05359254 (England and Wales)
AUDITORS:	Ormerod Rutter Limited Statutory Auditor The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY
BANKERS:	National Westminster Bank plc 1 St Phillips Place Birmingham West Midlands B3 2PP

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2015**

The directors present their strategic report of the company and the group for the year ended 31st December 2015

REVIEW OF BUSINESS

The group has had an extremely difficult year from a trading perspective with the mix of activity carried out within the group moving from smaller contracts to larger contracts. This new mix of work has been challenging to manage and whilst excellent client service has been provided throughout, it has sometimes resulted in lower overall margins being achieved. The consolidated turnover has fallen slightly on last year from £19.3m to £18.9m but this was at a lower margin resulting in a reduction in gross profit from £6m to £3.6m.

During the year the group also re-located to new premises which will enable the group to grow and expand moving forward but the time and resources involved in a move such as this are varied and for a period there was also an overlap on premises related costs. This increase in overheads combined with the reduction in gross profit has resulted in a loss after tax of £1.9m which is a significant fall from the profit in 2014 of £150k.

The directors have undertaken an in depth review of processes and procedures and steps are being taken to rectify the decline in results. The results during 2016 are already showing signs of improvement and the directors are confident that with the further changes that have been and will continue to be made, the group will return to a profitable position.

PRINCIPAL RISKS AND UNCERTAINTIES


Competitive pressure in the retail sector is a continuing risk to the group and in order to manage this risk, the group 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 group in meeting the changing needs of the market place.

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

The group's policy on liquidity risk is to ensure sufficient cash is available to fund on-going operations. The company manages the exposure to liquidity risks predominantly by banking facilities of overdrafts and factoring arrangements.

The group manages credit risk of a debtor default on contractual obligations by a strict policy of only dealing with credit worthy customers and ensure that these customers have an appropriate credit history. Strict account limits are adhered to with customers to ensure full collection of debtor funds is achieved.

ON BEHALF OF THE BOARD:


Director

Date 7.11.2016

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2015

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of fit-out operations across the retail, banking and leisure sectors of industry

DIVIDENDS

Interim dividends per share were paid as follows

- Ordinary A shares	£nil per share	
- Ordinary B shares	£30,945 per share	- 5th April 2015
- Ordinary C shares	£30,945 per share	- 5th April 2015
- Ordinary D shares	£30,945 per share	- 5th April 2015
- Ordinary E shares	£20,520 per share	- 5th April 2015

The directors recommend that no final dividends be paid

The total distribution of dividends for the year ended 31st December 2015 will be £113,355

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2015 to the date of this report

Mr M Fletcher
Mr P K Fletcher
Mr P L Mousley
Mr K L Fletcher
Mr S J Smith
Mr P J Barguss

Other changes in directors holding office are as follows

Mr M J Diskin ceased to be a director after 31st December 2015 but prior to the date of this report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

ON BEHALF OF THE BOARD:



Mr M Fletcher - Director

Date 7/11/16

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AIR LINK GROUP LIMITED

We have audited the financial statements of Air Link Group Limited for the year ended 31st December 2015 on pages seven to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2015 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

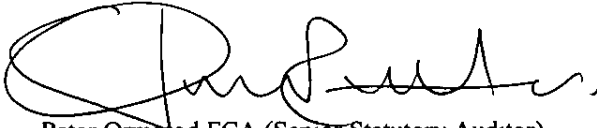
In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AIR LINK GROUP LIMITED**

Matters on which we are required to report by exception

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



Peter Ormerod FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited
Statutory Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

Date 25/11/16

AIR LINK GROUP LIMITED (REGISTERED NUMBER. 05359254)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Notes	2015 £	2014 £
TURNOVER	3	18,925,430	19,284,404
Cost of sales		<u>15,340,998</u>	<u>13,310,470</u>
GROSS PROFIT		3,584,432	5,973,934
Administrative expenses		<u>6,086,913</u>	<u>5,671,096</u>
		(2,502,481)	302,838
Other operating income		<u>408,637</u>	<u>2,000</u>
OPERATING (LOSS)/PROFIT	5	(2,093,844)	304,838
Interest receivable and similar income		<u>3,793</u>	<u>479</u>
		(2,090,051)	305,317
Interest payable and similar charges	7	<u>9,732</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,099,783)	305,317
Tax on (loss)/profit on ordinary activities	8	<u>(152,957)</u>	<u>155,789</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,946,826)	149,528
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(1,946,826)</u></u>	<u><u>149,528</u></u>
(Loss)/profit attributable to Owners of the parent		<u><u>(1,946,826)</u></u>	<u><u>149,528</u></u>
Total comprehensive income attributable to Owners of the parent		<u><u>(1,946,826)</u></u>	<u><u>149,528</u></u>

The notes form part of these financial statements


CONSOLIDATED BALANCE SHEET
31ST DECEMBER 2015

		2015		2014	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11		4,165,389		4,478,408
Tangible assets	12		830,157		143,908
Investments	13		-		-
			<u>4,995,546</u>		<u>4,622,316</u>
CURRENT ASSETS					
Stocks	14	560,980		856,501	
Debtors	15	4,637,327		4,311,945	
Cash at bank and in hand		280,491		2,288,812	
		<u>5,478,798</u>		<u>7,457,258</u>	
CREDITORS					
Amounts falling due within one year	16	9,051,716		8,754,848	
NET CURRENT LIABILITIES			<u>(3,572,918)</u>		<u>(1,297,590)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,422,628		3,324,726
CREDITORS					
Amounts falling due after more than one year	17		(158,083)		-
PROVISIONS FOR LIABILITIES	21		<u>(2,982)</u>		<u>(2,982)</u>
NET ASSETS			<u>1,261,563</u>		<u>3,321,744</u>
CAPITAL AND RESERVES					
Called up share capital	22		404		404
Retained earnings	23		1,261,159		3,321,340
SHAREHOLDERS' FUNDS			<u>1,261,563</u>		<u>3,321,744</u>

The financial statements were approved by the Board of Directors on its behalf by

7/11/16

and were signed on


Mr M Fletcher - Director


Mr P L Mousley - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31ST DECEMBER 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	-	-
Investments	13	6,920,000	6,920,000
		<u>6,920,000</u>	<u>6,920,000</u>
CURRENT ASSETS			
Debtors	15	17,760	3,253
Cash at bank		3,168	16,271
		<u>20,928</u>	<u>19,524</u>
CREDITORS			
Amounts falling due within one year	16	4,132,855	3,313,489
NET CURRENT LIABILITIES		<u>(4,111,927)</u>	<u>(3,293,965)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,808,073</u>	<u>3,626,035</u>
CAPITAL AND RESERVES			
Called up share capital	22	404	404
Retained earnings	23	2,807,669	3,625,631
SHAREHOLDERS' FUNDS		<u>2,808,073</u>	<u>3,626,035</u>

The financial statements were approved by the Board of Directors on its behalf by

7/11/16

and were signed on

Mr M Fletcher - Director

Mr P L Mousley - Director

AIR LINK GROUP LIMITED (REGISTERED NUMBER 05359254)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2014	404	3,284,012	3,284,416
Changes in equity			
Dividends	-	(112,200)	(112,200)
Total comprehensive income	-	149,528	149,528
Balance at 31st December 2014	<u>404</u>	<u>3,321,340</u>	<u>3,321,744</u>
Changes in equity			
Dividends	-	(113,355)	(113,355)
Total comprehensive income	-	(1,946,826)	(1,946,826)
Balance at 31st December 2015	<u>404</u>	<u>1,261,159</u>	<u>1,261,563</u>

The notes form part of these financial statements

AIR LINK GROUP LIMITED (REGISTERED NUMBER. 05359254)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2014	404	3,679,805	3,680,209
Changes in equity			
Dividends	-	(112,200)	(112,200)
Total comprehensive income	-	58,026	58,026
Balance at 31st December 2014	<u>404</u>	<u>3,625,631</u>	<u>3,626,035</u>
Changes in equity			
Dividends	-	(113,355)	(113,355)
Total comprehensive income	-	(704,607)	(704,607)
Balance at 31st December 2015	<u>404</u>	<u>2,807,669</u>	<u>2,808,073</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2015**

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	(1,225,902)	844,456
Interest paid		(7,174)	-
Interest element of hire purchase payments paid		(2,558)	-
Tax paid		(152,487)	(151,576)
Net cash from operating activities		(1,388,121)	692,880
Cash flows from investing activities			
Purchase of tangible fixed assets		(771,280)	(42,543)
Sale of tangible fixed assets		-	4,500
Interest received		3,793	479
Net cash from investing activities		(767,487)	(37,564)
Cash flows from financing activities			
New loans in year		261,279	-
Amount introduced by directors		20,520	-
Amount withdrawn by directors		(119,601)	(442,182)
Equity dividends paid		(113,355)	(112,200)
Net cash from financing activities		48,843	(554,382)
(Decrease)/increase in cash and cash equivalents		(2,106,765)	100,934
Cash and cash equivalents at beginning of year	2	2,288,812	2,187,878
Cash and cash equivalents at end of year	2	182,047	2,288,812

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2015

1 RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2015	2014
	£	£
(Loss)/profit before taxation	(2,099,783)	305,317
Depreciation charges	398,050	419,367
Profit on disposal of fixed assets	-	(1,960)
Finance costs	9,732	-
Finance income	(3,793)	(479)
	<u>(1,695,794)</u>	<u>722,245</u>
Decrease/(increase) in stocks	295,521	(228,564)
Increase in trade and other debtors	(245,468)	(683,713)
Increase in trade and other creditors	419,839	1,034,488
	<u>(1,225,902)</u>	<u>844,456</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts

Year ended 31st December 2015

	31 12 15	1 1 15
	£	£
Cash and cash equivalents	280,491	2,288,812
Bank overdrafts	(98,444)	-
	<u>182,047</u>	<u>2,288,812</u>

Year ended 31st December 2014

	31 12 14	1 1 14
	£	£
Cash and cash equivalents	<u>2,288,812</u>	<u>2,187,878</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Air Link Group Limited is a limited liability company incorporated in England. The Registered Office is Neo Park, Wharfedale Road, Birmingham, B11 2DF.

2 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable accounting standards.

The consolidated financial statements incorporate the financial statements of the company and entities that continue to be controlled by the Group (its subsidiaries). Control exists where the Group has the power to govern the financial and operating policies of the entity, generally conferred by holding a majority of voting rights.

All intra-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies.

Significant judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period, particularly in relation to the useful economic life of fixed assets, the recognition of provisions and the recognition of deferred tax assets. Actual results could differ from those estimates.

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. They are amended when necessary, to reflect current estimates.

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

Turnover

Turnover represents the value of services provided under contract net of VAT and trade discounts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date on a proportion of the total expected consideration at completion. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses, is being amortised evenly over its estimated useful life of ten years and twenty years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

2 ACCOUNTING POLICIES - continued**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- 33% on cost and 10% on cost
Plant and machinery	- 33% on cost and 20% on cost
Fixtures and fittings	- 33% on cost

Improvements to property are depreciated using the rate that best corresponds to the expected remaining period of usage of the leased property. All assets purchased in the last few years are now depreciated at 33% on cost as the property lease was renewed for a further 3 year period

Stocks

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value represents estimated selling price less costs to complete and sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than cost.

Deferred tax

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation purposes, using the full provision method. Deferred tax assets are only provided for where, in the opinion of the directors, they are expected to be fully recoverable.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

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.

Investments

Investments are shown at cost value less any provision for diminution in value.

3 TURNOVER

The turnover and loss (2014 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2015	2014
	£	£
United Kingdom	18,430,324	19,217,262
Republic of Ireland	425,061	45,593
Other European countries	65,226	16,874
Other overseas countries	4,819	4,675
	<u>18,925,430</u>	<u>19,284,404</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

4 STAFF COSTS

	2015	2014
	£	£
Wages and salaries	3,061,417	3,071,891
Social security costs	336,337	234,737
Other pension costs	16,430	10,212
	<u>3,414,184</u>	<u>3,316,840</u>

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

	2015	2014
Directors	7	7
Warehouse and Administration	87	84
	<u>94</u>	<u>91</u>

Pension costs relate to payments made into defined contribution pension schemes

5 OPERATING (LOSS)/PROFIT

The operating loss (2014 - operating profit) is stated after charging/(crediting)

	2015	2014
	£	£
Depreciation - owned assets	85,031	106,350
Profit on disposal of fixed assets	-	(1,960)
Goodwill amortisation	313,019	313,017
Foreign exchange differences	(2,497)	7,151
Operating lease costs - property	736,789	649,189
	<u>279,280</u>	<u>69,393</u>

Information regarding the highest paid director for the year ended 31st December 2015 is as follows

	2015
	£
Emoluments etc	<u>99,400</u>

6 AUDITORS' REMUNERATION

The operating profit is stated after auditors' remunerations which relate to the following services

	Year Ended 2015	Year Ended 2014
	£	£
Audit of financial statements	25,050	24,300
Corporation tax services	615	740
Other accounting services	22,530	21,026
	<u>48,195</u>	<u>46,066</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank loan interest	6,715	-
Loan	459	-
Hire purchase interest	2,558	-
	<u>9,732</u>	<u>-</u>

8 TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	2015	2014
	£	£
Current tax		
UK corporation tax	(152,021)	152,954
Under/(over) provision in previous periods	(936)	-
Total current tax	<u>(152,957)</u>	<u>152,954</u>
Deferred tax	-	2,835
Tax on (loss)/profit on ordinary activities	<u>(152,957)</u>	<u>155,789</u>

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2015	2014
	£	£
(Loss)/profit on ordinary activities before tax	<u>(2,099,783)</u>	<u>305,317</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21.490%)	(419,957)	65,613
Effects of		
Expenses not deductible for tax purposes	8,911	10,267
Income not taxable for tax purposes	(128)	-
Capital allowances in excess of depreciation	(86,790)	-
Depreciation in excess of capital allowances	-	11,255
Adjustments to tax charge in respect of previous periods	(936)	-
Amortisation of goodwill on purchase of subsidiary companies	62,604	67,267
Taxable profits falling with the marginal rate of tax in previous periods	-	(1,448)
Losses carried forward	354,955	-
Losses carried back	(67,332)	-
Short-term timing differences	<u>(4,284)</u>	<u>2,835</u>
Total tax (credit)/charge	<u>(152,957)</u>	<u>155,789</u>

The standard rate of corporation tax stated is an average rate as there was a change in the rate of corporation tax during both the current period and the previous year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

9 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(704,607) (2014 - £58,026 profit)

10 DIVIDENDS

	Year Ended 2015	Year Ended 2014
Interim dividends		
Ordinary A shares	-	-
Ordinary B shares	30,945	30,550
Ordinary C shares	30,945	30,550
Ordinary D shares	30,945	30,550
Ordinary E shares	20,520	20,550
	<u>113,355</u>	<u>112,200</u>

11 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1st January 2015	
and 31st December 2015	<u>6,129,969</u>
AMORTISATION	
At 1st January 2015	1,651,561
Amortisation for year	<u>313,019</u>
At 31st December 2015	<u>1,964,580</u>
NET BOOK VALUE	
At 31st December 2015	<u>4,165,389</u>
At 31st December 2014	<u>4,478,408</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

12 TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st January 2015	205,559	36,998	264,705	507,262
Additions	682,032	-	89,248	771,280
At 31st December 2015	887,591	36,998	353,953	1,278,542
DEPRECIATION				
At 1st January 2015	171,254	25,719	166,381	363,354
Charge for year	14,145	5,879	65,007	85,031
At 31st December 2015	185,399	31,598	231,388	448,385
NET BOOK VALUE				
At 31st December 2015	702,192	5,400	122,565	830,157
At 31st December 2014	34,305	11,279	98,324	143,908

13 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1st January 2015 and 31st December 2015	6,920,000
NET BOOK VALUE	
At 31st December 2015	6,920,000
At 31st December 2014	6,920,000

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

Subsidiaries

Air Link Systems Limited

Nature of business Supply and installations of retail systems

Class of shares	% holding
Ordinary	100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015**

13 FIXED ASSET INVESTMENTS - continued

Air Link Services Limited

Nature of business Maintenance and servicing of retail systems

	%
Class of shares	holding
Ordinary A	100 00

The single non-voting ordinary B share of Air Link Series Limited is owned by Air Link Systems Limited

European Retail Engineering Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary A shares	100 00
Ordinary B shares	100 00

The share capital of European Retail Engineering Limited is wholly owned by Air Link Systems Limited

14 STOCKS

	Group	
	2015	2014
	£	£
Raw materials	<u>560,980</u>	<u>856,501</u>

15 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	3,919,430	3,778,091	-	-
Amounts owed by group undertakings	-	-	3,253	3,253
Amounts owed by participating interests	304,863	377,439	-	-
Other debtors	38,187	40,995	-	-
Tax	152,490	-	14,507	-
Prepayments and accrued income	222,357	115,420	-	-
	<u>4,637,327</u>	<u>4,311,945</u>	<u>17,760</u>	<u>3,253</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts (see note 18)	98,444	-	-	-
Other loans (see note 18)	92,567	-	-	-
Hire purchase contracts (see note 19)	10,629	-	-	-
Trade creditors	3,619,560	2,873,420	-	-
Amounts owed to group undertakings	-	-	1,921,989	989,035
Amounts owed to participating interests	9,658	208,933	9,658	9,658
Corporation tax	-	152,954	-	14,507
Social security and other taxes	609,622	586,799	-	-
Other creditors	2,158,076	2,504,285	-	-
Directors' current accounts	2,194,208	2,293,289	2,194,208	2,293,289
Accruals and deferred income	258,952	135,168	7,000	7,000
	<u>9,051,716</u>	<u>8,754,848</u>	<u>4,132,855</u>	<u>3,313,489</u>

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2015	2014
	£	£
Other loans (see note 18)	117,864	-
Hire purchase contracts (see note 19)	40,219	-
	<u>158,083</u>	<u>-</u>

18 LOANS

An analysis of the maturity of loans is given below

	Group	
	2015	2014
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	98,444	-
Other loans	92,567	-
	<u>191,011</u>	<u>-</u>
Amounts falling due between one and two years		
Other loans - 1-2 years	92,567	-
	<u>92,567</u>	<u>-</u>
Amounts falling due between two and five years		
Other loans - 2-5 years	25,297	-
	<u>25,297</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

19 LEASING AGREEMENTS

Minimum lease payments fall due as follows

Group

	Hire purchase contracts	
	2015	2014
	£	£
Net obligations repayable		
Within one year	10,629	-
Between one and five years	40,219	-
	<u>50,848</u>	<u>-</u>

20 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2015	2014
	£	£
Bank overdraft	98,444	-
Other loans	210,431	-
Lloyds TSB Commercial Finance	2,130,379	2,471,794
NatWest Commercial Cards	22,191	27,884
	<u>2,461,445</u>	<u>2,499,678</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 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

21 PROVISIONS FOR LIABILITIES

	Group	
	2015	2014
	£	£
Deferred tax		
Accelerated capital allowances	2,982	2,982
	<u>2,982</u>	<u>2,982</u>

Group

	Deferred tax
	£
Balance at 1st January 2015	2,982
Balance at 31st December 2015	<u>2,982</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

22 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

		Nominal	2015 £	2014 £
400	Ordinary A	£1	400	400
1	Ordinary B	£1	1	1
1	Ordinary C	£1	1	1
1	Ordinary D	£1	1	1
1	Ordinary E	£1	1	1
			<u>404</u>	<u>404</u>

23 RESERVES**Group**

	Retained earnings £
At 1st January 2015	-3,321,340
Deficit for the year	(1,946,826)
Dividends	(113,355)
At 31st December 2015	<u>1,261,159</u>

Company

	Retained earnings £
At 1st January 2015	3,625,631
Deficit for the year	(704,607)
Dividends	(113,355)
At 31st December 2015	<u>2,807,669</u>

24 RELATED PARTY DISCLOSURES**Air Link Supplies Limited**

A company in which the directors have an interest

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>9,658</u>	<u>9,658</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2015

24 RELATED PARTY DISCLOSURES - continued

ALS Retail Services Limited

A company in which the directors have an interest

During the period sales were invoiced to ALS Retail Services Limited of £426,748 (2014 - £25,563) and purchases were made of £458,024 (2014 - £77,996)

ALS Retail Services Limited is a company registered in Ireland

	2015 £	2014 £
Amount due from/(to) related party at the balance sheet date	<u>304,863</u>	<u>(199,275)</u>

Mr M Fletcher, Mr P K Fletcher, Mr P L Mousley and Mr K L Fletcher
Directors

During the period dividends totalling £113,355 (2014 - £112,200) were paid to the directors

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>2,194,208</u>	<u>2,293,289</u>

Epterra Tree Limited

A company in which the directors have an interest

	2015 £	2014 £
Amount due from related party at the balance sheet date	<u>-</u>	<u>377,439</u>

25 ULTIMATE CONTROLLING PARTY

There is no single ultimate controlling party

RECONCILIATION OF EQUITY
1ST JANUARY 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		4,791,425	-	4,791,425
Tangible assets		210,255	-	210,255
		<u>5,001,680</u>	<u>-</u>	<u>5,001,680</u>
CURRENT ASSETS				
Stocks		627,937	-	627,937
Debtors		3,589,346	-	3,589,346
Cash at bank and in hand		2,187,878	-	2,187,878
		<u>6,405,161</u>	<u>-</u>	<u>6,405,161</u>
CREDITORS				
Amounts falling due within one year		(8,122,278)	-	(8,122,278)
NET CURRENT LIABILITIES		<u>(1,717,117)</u>	<u>-</u>	<u>(1,717,117)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,284,563	-	3,284,563
PROVISIONS FOR LIABILITIES		(147)	-	(147)
NET ASSETS		<u>3,284,416</u>	<u>-</u>	<u>3,284,416</u>
CAPITAL AND RESERVES				
Called up share capital		404	-	404
Retained earnings		3,284,012	-	3,284,012
SHAREHOLDERS' FUNDS		<u>3,284,416</u>	<u>-</u>	<u>3,284,416</u>

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued
31ST DECEMBER 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		4,478,408	-	4,478,408
Tangible assets		143,908	-	143,908
		<u>4,622,316</u>	<u>-</u>	<u>4,622,316</u>
CURRENT ASSETS				
Stocks		856,501	-	856,501
Debtors		4,311,945	-	4,311,945
Cash at bank and in hand		2,288,812	-	2,288,812
		<u>7,457,258</u>	<u>-</u>	<u>7,457,258</u>
CREDITORS				
Amounts falling due within one year		(8,754,848)	-	(8,754,848)
NET CURRENT LIABILITIES		<u>(1,297,590)</u>	<u>-</u>	<u>(1,297,590)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,324,726	-	3,324,726
PROVISIONS FOR LIABILITIES		<u>(2,982)</u>	<u>-</u>	<u>(2,982)</u>
NET ASSETS		<u>3,321,744</u>	<u>-</u>	<u>3,321,744</u>
CAPITAL AND RESERVES				
Called up share capital		404	-	404
Retained earnings		3,321,340	-	3,321,340
SHAREHOLDERS' FUNDS		<u>3,321,744</u>	<u>-</u>	<u>3,321,744</u>

The notes form part of these financial statements

**RECONCILIATION OF PROFIT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	19,284,404	-	19,284,404
Cost of sales	(13,310,470)	-	(13,310,470)
GROSS PROFIT	5,973,934	-	5,973,934
Administrative expenses	(5,671,096)	-	(5,671,096)
Other operating income	2,000	-	2,000
OPERATING PROFIT	304,838	-	304,838
Interest receivable and similar income	479	-	479
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	305,317	-	305,317
Tax on profit on ordinary activities	(155,789)	-	(155,789)
PROFIT FOR THE FINANCIAL YEAR	149,528	-	149,528
Profit attributable to Owners of the parent	-	-	-
	149,528	-	149,528

The notes form part of these financial statements