

AIR LINK GROUP LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

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FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

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AIR LINK GROUP LIMITED

COMPANY INFORMATION
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

DIRECTORS:

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

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 PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

The directors present their strategic report of the company and the group for the period 1st January 2016 to 30th September 2016

REVIEW OF BUSINESS

The directors are delighted to report that the group has dramatically improved its trading results in the 9 months to 30 September 2016. The first part of 2016 was still extremely difficult but the in depth review which was undertaken during the period identified the issues and problems and steps were taken immediately to rectify these. The directors reorganised the business internally and improved controls and procedures throughout. The focus was switched from being primarily on increasing sales and aiming for growth to focussing on profitability and improving efficiencies.

The culture within the organisation has seen a significant change as a result of this exercise with a strong focus now being placed on reviewing and analysing profit margins on an individual project by project basis. This detailed analysis of key performance indicators has provided management with the information required to identify the changes required. The mix of work undertaken by the group has been reviewed and changed resulting in improved margins and a return to a profitable result for the period.

The group is also now seeing the benefit of the investment it made in new premises during 2015 which has resulted in efficiencies within the organisation whilst facilitating the growth required. The increase in the activity levels towards the end of the period in particular resulted in higher stock levels being required and the new premises and improved controls have all enabled this increased workload to be achieved.

Overall the group has maintained a similar level of turnover at £15m for the 9 months to 30 September 2016 as opposed to £19m for the 12 months to 31 December 2015 but it has turned an operating loss into an operating profit.

This turnaround was achieved largely in the second half of the period and the directors are confident that the improvements made will continue to improve results further in the forthcoming year. This is supported by management information for October and November 2016 and also by a strong order book going into 2017.

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:



Mr M Fletcher - Director

Date

20/12/16

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

The directors present their report with the financial statements of the company and the group for the period 1st January 2016 to 30th September 2016

PRINCIPAL ACTIVITY

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

DIVIDENDS

The directors recommend that no final dividends be paid

The total distribution of dividends for the year ended 30th September 2016 will be £Nil

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2016 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 - resigned 6th May 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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.

AIR LINK GROUP LIMITED (REGISTERED NUMBER: 05359254)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

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

20/12/16

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 period ended 30th September 2016 on pages seven to twenty four. 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 30th September 2016 and of the group's profit for the period 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 21/12/16

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

	Notes	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
TURNOVER	4	14,711,872	18,925,430
Cost of sales		10,381,317	15,340,998
GROSS PROFIT		4,330,555	3,584,432
Administrative expenses		4,268,287	6,086,913
		62,268	(2,502,481)
Other operating income		40,029	408,637
OPERATING PROFIT/(LOSS)	6	102,297	(2,093,844)
Interest receivable and similar income		1,483	3,793
		103,780	(2,090,051)
Interest payable and similar expenses	8	14,411	9,732
PROFIT/(LOSS) BEFORE TAXATION		89,369	(2,099,783)
Tax on profit/(loss)	9	-	(152,957)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		89,369	(1,946,826)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		89,369	(1,946,826)
Profit/(loss) attributable to Owners of the parent		89,369	(1,946,826)
Total comprehensive income attributable to Owners of the parent		89,369	(1,946,826)

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
30TH SEPTEMBER 2016

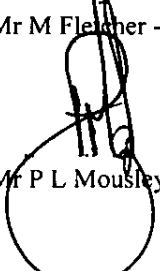
	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	12	3,865,409	4,165,389
Tangible assets	13	740,358	830,157
Investments	14	-	-
		<u>4,605,767</u>	<u>4,995,546</u>
CURRENT ASSETS			
Stocks	15	1,033,970	560,980
Debtors	16	5,658,754	4,637,327
Cash at bank and in hand		868,874	280,491
		<u>7,561,598</u>	<u>5,478,798</u>
CREDITORS			
Amounts falling due within one year	17	<u>10,714,999</u>	<u>9,051,716</u>
NET CURRENT LIABILITIES		<u>(3,153,401)</u>	<u>(3,572,918)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,452,366</u>	<u>1,422,628</u>
CREDITORS			
Amounts falling due after more than one year	18	(98,452)	(158,083)
PROVISIONS FOR LIABILITIES	22	<u>(2,982)</u>	<u>(2,982)</u>
NET ASSETS		<u><u>1,350,932</u></u>	<u><u>1,261,563</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	404	404
Retained earnings	24	<u>1,350,528</u>	<u>1,261,159</u>
SHAREHOLDERS' FUNDS		<u><u>1,350,932</u></u>	<u><u>1,261,563</u></u>

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

20/12/16

and were signed on


 Mr M Fletcher - Director


 Mr P L Mousley - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
30TH SEPTEMBER 2016

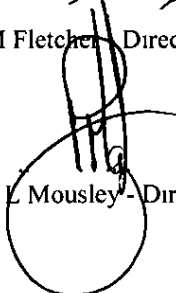
	Notes	2016	2015
		£	£
FIXED ASSETS			
Intangible assets	12	-	-
Tangible assets	13	-	-
Investments	14	6,920,000	6,920,000
		<u>6,920,000</u>	<u>6,920,000</u>
CURRENT ASSETS			
Debtors	16	17,760	17,760
Cash at bank		3,082	3,168
		<u>20,842</u>	<u>20,928</u>
CREDITORS			
Amounts falling due within one year	17	4,128,027	4,132,855
NET CURRENT LIABILITIES		<u>(4,107,185)</u>	<u>(4,111,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,812,815</u>	<u>2,808,073</u>
<hr/>			
CAPITAL AND RESERVES			
Called up share capital	23	404	404
Retained earnings	24	2,812,411	2,807,669
SHAREHOLDERS' FUNDS		<u>2,812,815</u>	<u>2,808,073</u>
Company's profit/(loss) for the financial year		<u>4,742</u>	<u>(704,607)</u>

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

20.12.16

and were signed on


 Mr M Fletcher - Director


 Mr P L Mousley - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2015	404	3,321,340	3,321,744
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>
Changes in equity			
Total comprehensive income	-	89,369	89,369
Balance at 30th September 2016	<u><u>404</u></u>	<u><u>1,350,528</u></u>	<u><u>1,350,932</u></u>

AIR LINK GROUP LIMITED (REGISTERED NUMBER: 05359254)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2015	404	3,625,631	3,626,035
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>
Changes in equity			
Total comprehensive income	-	4,742	4,742
Balance at 30th September 2016	<u><u>404</u></u>	<u><u>2,812,411</u></u>	<u><u>2,812,815</u></u>

The notes form part of these financial statements

AIR LINK GROUP LIMITED (REGISTERED NUMBER: 05359254)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

	Notes	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Cash flows from operating activities			
Cash generated from operations	1	796,410	(1,225,902)
Interest paid		(10,392)	(7,174)
Interest element of hire purchase payments paid		(4,019)	(2,558)
Tax paid		471	(152,487)
Net cash from operating activities		<u>782,470</u>	<u>(1,388,121)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(21,181)	(771,280)
Interest received		1,483	3,793
Net cash from investing activities		<u>(19,698)</u>	<u>(767,487)</u>
Cash flows from financing activities			
New loans in year		-	261,279
Loan repayments in year		(53,854)	-
Amount introduced by directors		-	20,520
Amount withdrawn by directors		(22,091)	(119,601)
Equity dividends paid		-	(113,355)
Net cash from financing activities		<u>(75,945)</u>	<u>48,843</u>
Increase/(decrease) in cash and cash equivalents		<u>686,827</u>	<u>(2,106,765)</u>
Cash and cash equivalents at beginning of period	2	<u>182,047</u>	<u>2,288,812</u>
Cash and cash equivalents at end of period	2	<u><u>868,874</u></u>	<u><u>182,047</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

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

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Profit/(loss) before taxation	89,369	(2,099,783)
Depreciation charges	410,960	398,050
Finance costs	14,411	9,732
Finance income	(1,483)	(3,793)
	<u>513,257</u>	<u>(1,695,794)</u>
(Increase)/decrease in stocks	(472,990)	295,521
Increase in trade and other debtors	(1,004,145)	(245,468)
Increase in trade and other creditors	<u>1,760,288</u>	<u>419,839</u>
Cash generated from operations	<u><u>796,410</u></u>	<u><u>(1,225,902)</u></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

Period ended 30th September 2016

	30 9 16 £	1 1 16 £
Cash and cash equivalents	868,874	280,491
Bank overdrafts	-	(98,444)
	<u><u>868,874</u></u>	<u><u>182,047</u></u>

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><u>182,047</u></u>	<u><u>2,288,812</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

1 STATUTORY INFORMATION

Air Link Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2 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.

3 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.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

3 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 or, if held under a finance lease, over the lease term, whichever is the shorter

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.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

3 ACCOUNTING POLICIES - continued

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.

4 TURNOVER

The turnover and profit (2015 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below.

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
United Kingdom	14,266,293	18,430,324
Republic of Ireland	443,251	425,061
Other European countries	(384)	65,226
Other overseas countries	2,712	4,819
	<u>14,711,872</u>	<u>18,925,430</u>

5 EMPLOYEES AND DIRECTORS

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Wages and salaries	2,088,205	3,061,417
Social security costs	206,033	336,337
Other pension costs	10,383	16,430
	<u>2,304,621</u>	<u>3,414,184</u>

The average monthly number of employees during the period was as follows:

	Period 1 1 16 to 30 9 16	Year Ended 31 12 15
Directors	7	7
Warehouse and Administration	83	87
	<u>90</u>	<u>94</u>

The average number of employees by undertakings that are proportionately consolidated during the period was 83.

Pension costs relate to payments made into defined contribution pension schemes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016**

5 EMPLOYEES AND DIRECTORS - continued

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Directors' remuneration	<u>194,516</u>	<u>279,280</u>

6 OPERATING PROFIT/(LOSS)

The operating profit (2015 - operating loss) is stated after charging/(crediting)

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Depreciation - owned assets	110,982	85,031
Depreciation - assets on hire purchase contracts	5,367	-
Goodwill amortisation	299,980	313,019
Foreign exchange differences	11,488	-(2,497)
Operating lease payments	500,082	451,311
Equipment hire	<u>23,053</u>	<u>32,571</u>

7 AUDITORS' REMUNERATION

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

	Year Ended 2015 £	Year Ended 2015 £
Audit of financial statements	35,634	25,050
Corporation tax services	710	615
Other accounting services	6,255	22,530
	<u>42,599</u>	<u>48,195</u>

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Bank loan interest	9,795	6,715
Loan	597	459
Hire purchase interest	4,019	2,558
	<u>14,411</u>	<u>9,732</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

9 TAXATION**Analysis of the tax credit**

The tax credit on the profit for the period was as follows

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Current tax		
UK corporation tax	-	(152,021)
Under/(over) provision in previous periods	-	(936)
	<u>-</u>	<u>(152,957)</u>
Tax on profit/(loss)	<u>-</u>	<u>(152,957)</u>

Reconciliation of total tax credit included in profit and loss

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

	Period 1 1 16 to 30 9 16 £	Year Ended 31 12 15 £
Profit/(loss) before tax	<u>89,369</u>	<u>(2,099,783)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	17,874	(419,957)
Effects of		
Expenses not deductible for tax purposes	2,948	8,911
Income not taxable for tax purposes	-	(128)
Capital allowances in excess of depreciation	-	(86,790)
Depreciation in excess of capital allowances	24,589	-
Utilisation of tax losses	(105,407)	-
Adjustments to tax charge in respect of previous periods	-	(936)
Amortisation of goodwill on purchase of subsidiary companies	59,996	62,604
Losses carried forward	-	354,955
Losses carried back	-	(67,332)
Short-term timing differences	-	(4,284)
Total tax credit	<u>-</u>	<u>(152,957)</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

10 INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

11 DIVIDENDS

	Period Ended 2016	Year Ended 2015
Interim dividends		
Ordinary A shares	-	-
Ordinary B shares	-	30,945
Ordinary C shares	-	30,945
Ordinary D shares	-	30,945
Ordinary E shares	-	20,520
	<u>-</u>	<u>113,355</u>

12 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1st January 2016	
and 30th September 2016	<u>-6,129,969</u>
AMORTISATION	
At 1st January 2016	1,964,580
Amortisation for period	<u>299,980</u>
At 30th September 2016	<u>2,264,560</u>
NET BOOK VALUE	
At 30th September 2016	<u>3,865,409</u>
At 31st December 2015	<u>4,165,389</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

13 TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st January 2016	887,591	36,998	353,953	1,278,542
Additions	17,730	508	2,945	21,183
At 30th September 2016	905,321	37,506	356,898	1,299,725
DEPRECIATION				
At 1st January 2016	185,399	31,598	231,388	448,385
Charge for period	62,431	2,697	51,221	116,349
Transfer to ownership	(5,367)	-	-	(5,367)
At 30th September 2016	242,463	34,295	282,609	559,367
NET BOOK VALUE				
At 30th September 2016	662,858	3,211	74,289	740,358
At 31st December 2015	702,192	5,400	122,565	830,157

The net book value of tangible fixed assets includes £64,088 (2015 £54,725) in respect of assets held under hire purchase contracts

14 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1st January 2016 and 30th September 2016	6,920,000
NET BOOK VALUE	
At 30th September 2016	6,920,000
At 31st December 2015	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

Registered office

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 PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

14 **FIXED ASSET INVESTMENTS - continued**

Air Link Services Limited

Registered office

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

Registered office

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

15 **STOCKS**

	Group	
	2016	2015
	£	£
Raw materials	1,033,970	560,980

16 **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	4,195,065	3,919,430	-	-
Amounts owed by group undertakings	-	-	3,253	3,253
Amounts owed by participating interests	322,616	304,863	-	-
Amounts recoverable on contract	512,660	-	-	-
Other debtors	262,024	38,187	-	-
Tax	152,019	152,490	14,507	14,507
Prepayments and accrued income	214,370	222,357	-	-
	<u>5,658,754</u>	<u>4,637,327</u>	<u>17,760</u>	<u>17,760</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 19)	-	98,444	-	-
Other loans (see note 19)	92,567	92,567	-	-
Hire purchase contracts (see note 20)	16,406	10,629	-	-
Payments on account	266,756	-	-	-
Trade creditors	4,784,028	3,619,560	-	-
Amounts owed to group undertakings	-	-	1,939,252	1,921,989
Amounts owed to participating interests	9,658	9,658	9,658	9,658
Social security and other taxes	764,441	609,622	-	-
Other creditors	2,431,456	2,158,076	-	-
Directors' current accounts	2,172,117	2,194,208	2,172,117	2,194,208
Accruals and deferred income	177,570	258,952	7,000	7,000
	<u>10,714,999</u>	<u>9,051,716</u>	<u>4,128,027</u>	<u>4,132,855</u>

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2016	2015
	£	£
Other loans (see note 19)	58,233	117,864
Hire purchase contracts (see note 20)	40,219	40,219
	<u>98,452</u>	<u>158,083</u>

19 LOANS

An analysis of the maturity of loans is given below

	Group	
	2016	2015
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	-	98,444
Other loans	92,567	92,567
	<u>92,567</u>	<u>191,011</u>
Amounts falling due between one and two years		
Other loans - 1-2 years	58,233	92,567
	<u>58,233</u>	<u>92,567</u>
Amounts falling due between two and five years		
Other loans - 2-5 years	-	25,297
	<u>-</u>	<u>25,297</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

20 LEASING AGREEMENTS

Minimum lease payments fall due as follows

Group

	Hire purchase contracts	
	2016	2015
	£	£
Net obligations repayable		
Within one year	16,406	10,629
Between one and five years	40,219	40,219
	<u>56,625</u>	<u>50,848</u>

21 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2016	2015
	£	£
Bank overdraft	-	98,444
Other loans	150,800	210,431
Lloyds TSB Commercial Finance	1,969,973	2,130,379
NatWest Commercial Cards	44,903	22,191
	<u>2,165,676</u>	<u>2,461,445</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 an 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 an all assets not covered by specific charges

22 PROVISIONS FOR LIABILITIES

	Group	
	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	<u>2,982</u>	<u>2,982</u>

Group

	Deferred tax
	£
Balance at 1st January 2016	<u>2,982</u>
Balance at 30th September 2016	<u>2,982</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST JANUARY 2016 TO 30TH SEPTEMBER 2016

23 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

		Nominal	2016 £	2015 £
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>

24 RESERVES

Group

	Retained earnings £
At 1st January 2016	1,261,159
Profit for the period	<u>89,369</u>
At 30th September 2016	<u>1,350,528</u>

Company

	Retained earnings £
At 1st January 2016	2,807,669
Profit for the period	<u>4,742</u>
At 30th September 2016	<u>2,812,411</u>

25 ULTIMATE CONTROLLING PARTY

There is no single ultimate controlling party