

Company Registration No. 05359254 (England and Wales)

AIR LINK GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



AIR LINK GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M Fletcher Mr P Fletcher Mr S Smith Mr L Higgins Mr P Barguss
Company number	05359254
Registered office	Neo Park Wharfdale Road Birmingham West Midlands England 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 GROUP LIMITED

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AIR LINK GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the Year ended 31 December 2017.

Fair review of the business

The directors are delighted to report that the group has continued with its improvement in its trading results in the year to 31 December 2017.

The group continues to see the benefits of the investment it made in the new premises during 2015.

The group has maintained its turnover at £25.7m for the year ended 31 December 2017 from £6.71m for the 3 months to 31 December 2016. Pre-tax profit for the year ended 31 December 2017 was £1.6m.

The directors are confident that the improved trading performance will be maintained into 2018.

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 group 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

18/1/18

AIR LINK GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the Year ended 31 December 2017

Principal activities

The principal activity of the company and group 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 Fletcher

Mr P Fletcher

Mr S Smith

Mr L Higgins

Mr K Fletcher

(Resigned 10 May 2017)

Mr P Mousley

(Resigned 10 May 2017)

Mr P Barguss

Results and dividends

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

Ordinary dividends were paid amounting to £55,550. The directors do not recommend payment of a further dividend.

Auditor

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

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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

AIR LINK GROUP LIMITED

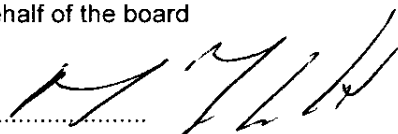
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



.....
Mr M Fletcher

Director

Date: 18/7/18.....

AIR LINK GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AIR LINK GROUP LIMITED

Opinion

We have audited the financial statements of Air Link Group Limited (the 'parent company') and its subsidiaries (the 'group') for the Year ended 31 December 2017 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the Year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

AIR LINK GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AIR LINK GROUP LIMITED

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

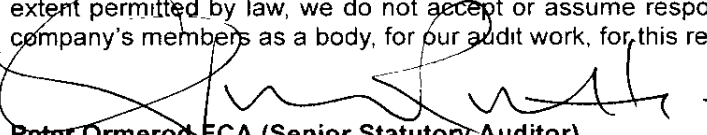
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report

AIR LINK GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AIR LINK GROUP LIMITED

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


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

19/7/18

**Chartered Accountants
Statutory Auditor**

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

AIR LINK GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £	Period ended 31 December 2016 £
	Notes		
Turnover	3	25,718,555	6,713,028
Cost of sales		(18,641,068)	(4,809,682)
Gross profit		7,077,487	1,903,346
Administrative expenses		(5,493,451)	(1,314,367)
Other operating income/(expenses)		18,071	(5,629)
Operating profit	4	1,602,107	583,350
Interest receivable and similar income	8	586	100
Interest payable and similar expenses	9	(12,113)	(3,581)
Profit before taxation		1,590,580	579,869
Tax on profit	10	(242,172)	(608)
Profit for the financial Year		1,348,408	579,261

Profit for the financial Year is all attributable to the owners of the parent company.

Total comprehensive income for the Year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

AIR LINK GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	31 December 2017		31 December 2016	
		£	£	£	£
Fixed assets					
Goodwill	12		3,490,434		3,790,414
Tangible assets	13		506,997		708,229
			<u>3,997,431</u>		<u>4,498,643</u>
Current assets					
Stocks	16	378,378		513,324	
Debtors	17	7,010,031		6,742,750	
Cash at bank and in hand		907,796		329,051	
		<u>8,296,205</u>		<u>7,585,125</u>	
Creditors: amounts falling due within one year	18	(9,041,594)		(10,070,257)	
Net current liabilities			<u>(745,389)</u>		<u>(2,485,132)</u>
Total assets less current liabilities			<u>3,252,042</u>		<u>2,013,511</u>
Creditors: amounts falling due after more than one year	19		(26,009)		(80,336)
Provisions for liabilities	23		(2,982)		(2,982)
Net assets			<u><u>3,223,051</u></u>		<u><u>1,930,193</u></u>
Capital and reserves					
Called up share capital	25		404		404
Profit and loss reserves			3,222,647		1,929,789
Total equity			<u><u>3,223,051</u></u>		<u><u>1,930,193</u></u>

The financial statements were approved by the board of directors and authorised for issue on 18/1/18 and are signed on its behalf by



Mr M Fletcher
Director

AIR LINK GROUP LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	31 December 2017 £	31 December 2016 £
Fixed assets			
Investments	14	6,920,000	6,920,000
Current assets			
Debtors	17	3,253	3,253
Cash at bank and in hand		2,941	3,034
		6,194	6,287
Creditors: amounts falling due within one year	18	(3,120,314)	(3,828,111)
Net current liabilities		(3,114,120)	(3,821,824)
Total assets less current liabilities		3,805,880	3,098,176
Capital and reserves			
Called up share capital	25	404	404
Profit and loss reserves		3,805,476	3,097,772
Total equity		3,805,880	3,098,176

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £763,254 (2016 - £285,361 profit).

The financial statements were approved by the board of directors and authorised for issue on ...18/1/18... and are signed on its behalf by

.....
Mr M Fletcher
Director

Company Registration No. 05359254

AIR LINK GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2016		404	1,350,528	1,350,932
Period ended 31 December 2016:				
Profit and total comprehensive income for the period		-	579,261	579,261
Balance at 31 December 2016		404	1,929,789	1,930,193
Period ended 31 December 2017:				
Profit and total comprehensive income for the period		-	1,348,408	1,348,408
Dividends	11	-	(55,550)	(55,550)
Balance at 31 December 2017		404	3,222,647	3,223,051

AIR LINK GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2016		404	2,812,411	2,812,815
Period ended 31 December 2016:				
Profit and total comprehensive income for the period		-	285,361	285,361
Balance at 31 December 2016		404	3,097,772	3,098,176
Period ended 31 December 2017:				
Profit and total comprehensive income for the period		-	763,254	763,254
Dividends	11	-	(55,550)	(55,550)
Balance at 31 December 2017		404	3,805,476	3,805,880

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Air Link Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Neo Park, Wharfdale Road, Birmingham, West Midlands, B11 2DF.

The group consists of Air Link Group Limited and all of its subsidiaries.

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.

The 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 for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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' – Carrying amounts, 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

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Air Link Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Reporting period

These financial statements present the financial information of the Group for the year ended 31 December 2017. Comparative amounts are presented for the previous 3 month period ended 31 December 2016. The reason for the change in accounting periods is to enable more convenient and efficient preparation of the financial statements at the calendar year end. Due to the change in accounting periods, comparative amounts presented in the financial statements and notes are not entirely comparable.

1.5 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 and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing 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.

Where a contract has only been partially completed at the balance sheet date turnover represents the value for 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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten and twenty years

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 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 and 10% on cost
Plant and equipment	33% on cost and 10% on cost
Fixtures and fittings	33% 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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.10 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.11 Cash and cash equivalents

Cash at bank and in hand 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.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 group 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 group after deducting all of its liabilities.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.15 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 stock or 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.

1.16 Retirement benefits

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

1.17 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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 are included in the profit and loss account for the period.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Depreciation

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

Deferred tax assets 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.

3 Turnover and other revenue

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

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Turnover		
Provision of services	25,718,555	6,713,028

Other significant revenue

Interest income	586	100
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Turnover analysed by geographical market

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
United Kingdom	25,663,988	6,704,572
Republic of Ireland	54,567	8,456
	25,718,555	6,713,028

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	16,726	5,060
Depreciation of owned tangible fixed assets	195,595	30,381
Depreciation of tangible fixed assets held under finance leases	9,427	1,748
Amortisation of intangible assets	299,980	74,995
Cost of stocks recognised as an expense	6,087,072	1,396,947
Operating lease charges	83,325	500,082
	<u> </u>	<u> </u>

5 Auditor's remuneration

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,000	2,025
Audit of the financial statements of the company's subsidiaries	14,500	10,646
	<u>22,500</u>	<u>12,671</u>
For other services		
Taxation compliance services	500	250
All other non-audit services	1,000	1,000
	<u>1,500</u>	<u>1,250</u>

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the Year was

	Group		Company	
	Year ended 31 December 2017	Period ended 31 December 2016	Year ended 31 December 2017	Period ended 31 December 2016
	Number	Number	Number	Number
Directors	6	7	6	7
Warehouse and Administration	81	76	-	-
	<u>87</u>	<u>83</u>	<u>6</u>	<u>7</u>

Their aggregate remuneration comprised

	Group	
	Year ended 31 December 2017	Period ended 31 December 2016
	£	£
Wages and salaries	3,004,227	685,848
Social security costs	252,318	67,906
Pension costs	15,399	3,431
	<u>3,271,944</u>	<u>757,185</u>

7 Directors' remuneration

	Year ended 31 December 2017	Period ended 31 December 2016
	£	£
Remuneration for qualifying services	251,595	90,665
Company pension contributions to defined contribution schemes	773	186
	<u>252,368</u>	<u>90,851</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2)

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Remuneration for qualifying services	81,000	19,700
Company pension contributions to defined contribution schemes	355	93

8 Interest receivable and similar income

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Interest income		
Interest on bank deposits	586	100

Investment income includes the following

Interest on financial assets not measured at fair value through profit or loss	586	100
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9 Interest payable and similar expenses

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,931	2,305
Interest on finance leases and hire purchase contracts	4,130	1,246
Other interest on financial liabilities	52	30
	12,113	3,581

10 Taxation

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Current tax		
UK corporation tax on profits for the current period	237,459	1,104
Adjustments in respect of prior periods	4,713	(496)
Total current tax	242,172	608

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

(Continued)

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

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Profit before taxation	1,590,580	579,869
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	306,187	115,974
Tax effect of expenses that are not deductible in determining taxable profit	4,919	1,606
Tax effect of utilisation of tax losses not previously recognised	(131,122)	(137,189)
Depreciation on assets not qualifying for tax allowances	31,015	-
Research and development tax credit	(36,917)	-
Under/(over) provided in prior years	4,713	(496)
Depreciation in excess of capital allowances	5,257	5,714
Goodwill amortisation	57,746	14,999
Other short term differences	374	-
Taxation charge for the period	242,172	608

11 Dividends

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Interim paid	55,550	-

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	6,129,969
Amortisation and impairment	
At 1 January 2017	2,339,555
Amortisation charged for the Year	299,980
At 31 December 2017	2,639,535

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Intangible fixed assets

(Continued)

Carrying amount

At 31 December 2017	3,490,434
At 31 December 2016	3,790,414

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

13 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2017	905,321	37,506	356,898	1,299,725
Additions	-	-	3,790	3,790
At 31 December 2017	905,321	37,506	360,688	1,303,515
Depreciation and impairment				
At 1 January 2017	262,571	35,200	293,725	591,496
Depreciation charged in the Year	161,118	1,817	42,087	205,022
At 31 December 2017	423,689	37,017	335,812	796,518
Carrying amount				
At 31 December 2017	481,632	489	24,876	506,997
At 31 December 2016	642,750	2,306	63,173	708,229

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

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

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Leasehold improvements	48,632	62,340	-	-
Depreciation charge for the Year in respect of leased assets	9,427	1,748	-	-

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

14 Fixed asset investments

		Group	Company
		31 December 2017	31 December 2016
	Notes	£	£
Investments in subsidiaries	15	-	6,920,000

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2017 and 31 December 2017	6,920,000
Carrying amount	
At 31 December 2017	6,920,000
At 31 December 2016	6,920,000

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows.

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
				Direct Indirect
Air Link Services Limited	That of the parent	Maintenance and servicing of retail systems	Ordinary A	99.75 100.00
Air Link Systems Limited	That of the parent	Supply and installation of retail systems	Ordinary	100.00 100.00
European Retail Engineering Limited	That of the parent	Dormant	Ordinary A & B	100.00 100.00

16 Stocks

	Group	Company
	31 December 2017	31 December 2016
	£	£
Raw materials and consumables	378,378	513,324

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

17 Debtors

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,848,478	5,223,427	-	-
Gross amounts due from contract customers	589,491	691,474	-	-
Corporation tax recoverable	-	70,182	-	-
Amounts due from group undertakings	-	-	3,253	3,253
Amounts due from undertakings in which the company has a participating interest	226,015	308,452	-	-
Other debtors	65,316	180,287	-	-
Prepayments and accrued income	280,731	268,928	-	-
	<u>7,010,031</u>	<u>6,742,750</u>	<u>3,253</u>	<u>3,253</u>

18 Creditors: amounts falling due within one year

		Group		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Notes	£	£	£	£
Obligations under finance leases	21	14,345	16,406	-	-
Other borrowings	20	43,367	86,762	-	-
Payments received on account		53,297	245,095	-	-
Trade creditors		4,355,835	4,495,234	-	-
Amounts due to group undertakings		-	-	2,118,760	1,642,460
Corporation tax payable		237,459	1,104	1,594	-
Other taxation and social security		818,511	1,032,451	-	-
Other creditors		2,956,960	4,039,261	992,960	2,178,651
Accruals and deferred income		561,820	153,944	7,000	7,000
		<u>9,041,594</u>	<u>10,070,257</u>	<u>3,120,314</u>	<u>3,828,111</u>

19 Creditors: amounts falling due after more than one year

		Group		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Notes	£	£	£	£
Obligations under finance leases	21	26,009	37,104	-	-
Other borrowings	20	-	43,232	-	-
		<u>26,009</u>	<u>80,336</u>	<u>-</u>	<u>-</u>

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

20 Loans and overdrafts

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Other loans	43,367	129,994	-	-
Payable within one year	43,367	86,762	-	-
Payable after one year	-	43,232	-	-

21 Finance lease obligations

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Future minimum lease payments due under finance leases				
Within one year	17,286	17,286	-	-
In two to five years	27,980	45,266	-	-
	45,266	62,552	-	-
Less future finance charges	(4,912)	(9,042)	-	-
	40,354	53,510	-	-

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

22 Secured debts

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Other loans	129,994	150,800	-	-
Lloyds TSB Commercial Finance	1,565,440	1,969,973	-	-
Natwest Commercial Cards	39,302	44,903	-	-
	<u>1,734,736</u>	<u>2,165,676</u>	<u>-</u>	<u>-</u>

Lloyds TSB Commercial Finance Ltd holds an all assets debenture over a subsidiary within the Group, 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 a subsidiary within the Group, securing all monies due, secured on specific charges over leased property, plant, machinery, computer 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.

23 Deferred taxation

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

	Liabilities 31 December 2017	Liabilities 31 December 2016
Group	£	£
Accelerated capital allowances	<u>2,982</u>	<u>2,982</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the Year.

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

24 Retirement benefit schemes

	31 December 2017	31 December 2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	15,399	3,431

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	31 December 2017	31 December 2016
	£	£
Ordinary share capital		
Issued and fully paid		
400 Ordinary A of £1 each	400	400
1 Ordinary B of £1 each	1	1
1 Ordinary C of £1 each	1	1
1 Ordinary D of £1 each	1	1
1 Ordinary E of £1 each	1	1
	404	404

Ordinary A shares carry voting rights but carry no right to fixed income.

All other classes of share do not carry voting rights nor do they carry rights to fixed income.

26 Operating lease commitments

Lessee

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

	Group		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Within one year	333,300	333,300	-	-
Between two and five years	1,166,550	1,333,200	-	-
In over five years	-	83,325	-	-
	1,499,850	1,749,825	-	-

AIR LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

27 Related party transactions

Transactions with related parties

During the Year the group entered into the following transactions with related parties

	Sale of goods		Purchase of goods	
	Year ended 31 December 2017 £	Period ended 31 December 2016 £	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Group				
Other related parties	54,567	8,456	640,041	36,220

The following amounts were owed by related parties at the reporting end date:

	2017 £	2016 £
Group		
Other related parties	266,015	308,452