Registered number: 06433017

Bland Group UK Holdings Limited

Annual report and financial statements

For the year ended 31 March 2020

Bland Group UK Holdings Limited

Company Information

Directors	J P Gaggero E L Howes I Mackie N J Gaggero (appointed 10 March 2020)
Company secretary	I Mackie
Registered number	06433017
Registered office	Estate Office Encombe House Corfe Castle Wareham Dorset BH20 5LW
Independent auditors	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Southampton Science Park Chilworth Southampton Hampshire SO16 7QJ

Bland Group UK Holdings Limited

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For the year ended 31 March 2020

Introduction

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

Business review

During the financial year the Group's subsidiary businesses have experienced varying trading performance results, due to the specific markets and sectors they operate in.

Griffon Hoverwork Limited had another strong year, with spare parts generating significant sales, backed up by a growing consultancy revenue stream. Two medium sized hovercraft were successfully manufactured and delivered to the Middle East, in addition to three small hovercraft manufactured and sold to other organisations around the world. During the year, Griffon Hoverwork were announced as the winner of a 6 1/2 year UK Ministry of Defence contract to support watercraft used by the Royal Marines, which is also expected to generate additional after sales revenue in future years. Revenue is made up of £8.6m new craft sales (2019 - £3.3m) and £8.3m spares sales, craft modifications and consultancy (2018 - £8.5m). Gross margins remained consistent with the prior year at 20.5%. Although this created a net loss before tax for the year, it was a significant improvement on prior years.

Airborne Representation Limited, which trades as Teleticket and Skybreak, had another positive performance during the year, with both parts of the business complementing each other to once again produce a profit for the year. Although hit hard with the impact of the coronarivus pandemic on the worldwide travel industry throughout 2020, Airborne Representation is focusing on enabling a more flexible and adaptive platform, whilst continuing to enjoy a strong and long term working partnership with Gatwick Airport Limited.

Hovertravel Limited completed the implementation project for the hovercraft replacement during the year ending March 2020, and saw the return of two craft into full operation. This saw encouraging improvements to both operational performance and customer satisfaction. Unfortunately, the company was affected by an unprecedented volume of weather cancellations, and the initial impact of COVID-19 during the final weeks of the financial year. The impacts of this, along with the challenging domestic market saw the company deliver a loss before tax of £742,403 for the year against a budget profit of £282,800, and with total comprehensive income before tax being a loss of £1,058,348. Given this outcome and with futher losses forecast for the year ending 31 March 2021, the value of the investment in Hovertravel Limited has been reviewed and subsequently impaired by £2.2m.

Through its subsidiary, Bland (The Beehive) Limited and the arrangement with Orega (Management) Limited, the Company has seen a continued uptake in the shared services offices by various local businesses. The business performance remains positive, despite a decrease in the period of profit share return to the Group.

Principal risks and uncertainties

COVID-19

The risks presented by COVID-19 have been robustly managed by the Group.

At Griffon Hoverwork Limited, all office based roles, including engineering design, finance, sales and administration, have been successfully relocated to homeworking, with additional communication and cyber security measures implemented. Workshop production has continued, with staff protected from cross infection by a strict set of COVID safe operatlng protocols derived from a thorough risk assessment that draws on, and is revised in line with each update of UK Government advice. Reduced worker density and medical shielding has resulted in a small number of staff being furloughed. Careful management of the supply chain has avoided significant disruption but Griffon Hoverwork continues to work closely with their key suppliers, who are predominantly UK and EU based, to mitigate this area of risk. Sales prospects have remained good through the pandemic, with Griffon Hoverwork securing a preferential communication channel in some cases, as a result of remaining available throughout. International operations have been constrained but the innovative use of technology has permitted the remote witnessing of a product trial by an international customer, and protocols are being matured to make use of air travel corridors, as they are permitted, to enable overseas support activity and sales engagement.

Airborne Representation Limited has been heavily impacted by the travel restrictions imposed during the COVID-19 pandemic. Full use was made of the Coronavirus Job Rentention Scheme, with 70% of staff immediately placed on furlough. Support staff have been homeworking where possible, and those staff who remain working at Gatwick Airport have been fully complying with government workplace restrictions and guidelines. Health and safety for staff and customers has been a priority.

Hovertravel Limited has seen an impact on passenger and revenue numbers. This is being managed through amending and altering the timetable and services to be aligned with the demand, whilst still offering a lifeline connectivity between Portsmouth / Southsea and Ryde, Isle Of Wight for essential travel & supplies, key workers and Rapid Off Island Transfers for the NHS. Hovertravel has taken advantage of some of the business support schemes offered by the government, including the furlough of some staff through the Coronavirus Job Retention Scheme and the receipt of a £250,000 Business Interuption Loan in June 2020. Grants have also been received from the Department of Transport from April 2020 through to July 2020, to the value of £396,000. Operational risks will continue to be monitored, with any required mitigating actions taken during the recovery period, with consideration of the potential for a second wave or local lockdowns due to COVID-19.

Credit Risk

The Group reviews all aged debtors on a regular basis and requires the subsidiary businesses to monitor as well. The Group's focus on credit risk is a high priority due to the economic pressures on suppliers and customers in all sectors, especially in travel however also manufacturing with international sales now regularly take place. This is reviewed carefully by the management and the Group.

All major contracts are covered by letters of credit or bank guarantees and, as such, credit risk remains relatively low especially as the company's customer base is mainly governments, public sector bodies or local authorities.

Each of the companies within the Group continually monitor and evaluate the potential impact of brexit. Measures are taken where appropriate to protect the individual businesses.

Foreign exchange risk

Griffon Hoverwork Limited has some exposure on supply chain materials as well as contracts which are subject to foreign exchange exposures, especially on large commodity items which have both Euro and US Dollar requirements. This however is monitored and reviewed by the management at both Griffon Hoverwork Limited and Bland Group UK Holdings Limited. In addition, on contracts denominated in foreign currency, where appropriate, forward contracts have been obtained to hedge the currency risk. In some cases the contract inflows are naturally hedged against supplier payments.

No other companies within the Group have material foreign exchange exposures.

Liquidity risk

The Company reviews the cash position of subsidiary companies weekly, and longer term cashflow forecasts are reviewed each month.

Financial key performance indicators

The Group measures its overall performance on the basis of growth of turnover, earnings before interest, tax, depreciation and amortisation (EBITDA), and profit before tax. Turnover and profit before tax are stated in the statement of comprehensive income. The EBITDA for the period (before adjusting for exceptional items) is a profit of £783,319 (2019: £1,794,118 profit) which has been calculated as the operating loss for the period of £1,093,928 (2019: £169,149) before the deduction of amortisation £529,952 (2019: £505,161) and depreciation £1,347,295 (2019: £1,458,106).

Future developments

The foremost challenge in the period ahead is to monitor and develop recovery plans following the on-going effects of the COVID-19 pandemic across all the businesses within the Group. Alongside this, all of the companies will need to strive to remain as lean as possible in respect of overhead costs, whilst maintaining market presence in sectors that are seeing tougher trading outlooks.

For Griffon Hoverwork Limited, with open tenders remaining at a high level and an enviable record in winning bid processes, there is good reason to be optimistic about the future in the short, medium and long term.

Hovertravel Limited continues to develop and monitor its recovery plan following the continued effects of COVID-19. This includes engagement with the DfT (Department for Transport), local councils and the Isle of Wight Transport Infrastructure Board. Safety of its people and customers always remains the number one priority of the business and it will continue to robustly control and enhance its Compliance Processes & Policies throughout the business through the QMS. During the Pandemic, this has included control measures to ensure Hovertravel is fully COVID-secure and being accredited the 'Good to Go' by Visit Britain. The development of operational activities is key to ensuring the highest level of service, including a focus on the development of services, ensuing that the accessibility needs of its customers are exceeded, and a newly introduced service for the NHS for Rapid Off Island Transfers for IOW Ambulance Service. Commercially, the company is focused on the recovery in passenger numbers, revenue, and market share, whilst remaining committed to local communities & charities, Chamber of Commerce, and Tourism partnerships.

The focus of future development for Airborne Representation Limited is on the digitalisation and mobilisation of the business, utilising the current skillset, product and service offerings, together with the utilisation of the new booking system, live as of July 2020. The new booking system forms part of the IT and website development investment from 2018 and was accounted for in 2019. As part of the project, the business is currently working on an enhanced technical scope, which will allow the development of client communication channels and the simplification of the remote booking process. The new booking system will be adapted to meet the requirements of the project and facilitate the delivery of the full portfolio of products and services. The system will also allow for further future development and expansion, subject to improved business conditions. Further benefits of this new technology include the streamlining of previously manual processes to improve efficiency and to reduce carbon footprint. Airborne is currently focusing on the environmental benefits and COVID-19 compliance of going paperless. Gatwick Airport Limited continue to be an integral part of Airborne's current and future business. A proactive working relationship is enjoyed, building towards a secure partnership beyond 2023 where Airborne would seek to extend their existing contract. The Airport desks remained open throughout the lockdown in support of Gatwick Airport and the travelling public. However, whilst they remain a key stakeholder, digitalisation of products and services will allow the business to diversify and operate outside of Gatwick and evolve into new markets, to secure growth post recovery. Other existing business partners, including Dohop and key airline and handling agents will be key in this strategic development. There are undoubtably risks associated with the future development of the business, as success is largely dependent on the outcome of the COVID-19 pandemic and specifically the long term impact on the aviation sector. However, Airborne will continue to constantly review business performance against forecast and manage its cashflow to mitigate and minimise risk to the business.

The rapidly changing market conditions currently projected and being experienced across the Group due to COVID-19 means a very cautious approach is being taken by the Directors. Critical focus is on addressing the consolidation of loss making activities and minimising cash flow requirements.

Going concern

With the on-going COVID-19 pandemic, the future viability of all companies within the Group has been fully reviewed by the Directors.

Griffon Hoverwork Limited reported a loss before tax for the period of £990,201 (2019 - £1,396,602) and has net current liabilities of £5,850,073. Included within creditors is an amount owed to parent undertakings of £15,446,167, for which the directors of the parent undertaking have confirmed repayment will not be due within 12 months from signing. Griffon's Directors have presented a forecast up to 31 March 2025, which was prepared on a worst case basis and to reflect plausible downside scenarios as a result of the COVID-19 pandemic, it's impact on the global economy and the Hovercraft market. The scenarios assumed confirmed or recurring orders only for the period, staff redundancies and the Government furlough scheme to continue until March 2021. There has not been an impact on customer demand of craft sales, spare parts, consultancy or training requirements as a result of the COVID-19 pandemic. However, it has added challenges in production in relation to social distancing, supply chain management and delivery of training overseas. Bland Group UK Holdings Limited has committed not to recall amounts due from Griffon Hoverwork Limited, and to continue to provide continuing financial support for a period of not less than 12 months from the date of signing of Griffon's financial statements.

The travel restrictions imposed during the COVID-19 lockdown have resulted in a sharp downturn in revenues for Airborne Representation Limited, and a slow and cautious recovery is anticipated over the next 12 months, with an ongoing reduction in demand due to the drop in footfall and passenger traffic. Airborne are in regular contact with suppliers to seek capacity and improve their supply chain. Understanding future passenger numbers, through working with key partners, is the main part of the recovery planning forecast. To mitigate the downturn immediate actions were taken by Airborne, making use of the government furlough scheme which resulted in 70% of the staff team being furloughed. Since then they have undertaken an ongoing review of current and future resource requirements, with consideration of the support schemes available through to October. As a result of the resource reviews and to align with the forecast revenues, a redundancy programme has been instigated, whilst ensuring that the skillset is maintained. In addition, a profit improvement plan has been implemented to review the cost base. Ongoing resource requirements have been tailored month by month, to meet the demand of the business, maximise revenue earnings and in order to comply with government workplace restrictions, prioritising health and safety. Given the uncertainty of the revenue recovery rate, a further review was undertaken at the end of August 2020 to consider the necessity of additional redundancies to ensure revenue expectations were met.

Gatwick Airport's short term consolidation of 2 terminals into 1 has allowed Airborne to further mitigate operational losses through working solely out of the North Terminal with a skeleton team. The situation is fluid, with a requirement for the business to remain adaptable and able to align itself with key stakeholders in order to maximise revenues and speed recovery. These measures have all been taken to preserve cash within the business and cash flows are closely monitored, in order to maintain cash reserves without group support.

In addition to the Coronavirus Job Retention Scheme Airborne have made use of the opportunity to defer PAYE contributions through to July 2020. Within the forecast they have reflected an impairment charge for the investment in the Teleticket website, as closure of this arm of the business is considered if the trading environment does not improve. The business has invested in a new booking system and there will now be a freeze on any further significant capital expenditure over the next two years. Furthermore, there was no requirement for any external funding by way of the Coronavirus Business Interruption Loan and the business has not needed to make any provision for any bad debt as any exposure is well managed.

Forecasts have been prepared for Airborne to March 2023 and, given the uncertain and changing business conditions facing the travel industry, the modelling has been based on the following:
- A staged recovery of up to 55% in 2022-23, albeit there is very limited data from partners to support growth over this period.
- The recovery to be supported by diversifying core products, with a focus on the digitalisation of remote ticketing services and the operation of a call centre for a Group company.
- A focus on reducing the cost base in order to operate the scaled down business which the business envisages operating from the one Terminal until further notice. This will result in a 60% reduction in staff numbers, giving annual savings of over £0.5m in comparison to the pre-COVID forecasts.

Going concern (continued)

- Given the forecast losses, there will be no concessionaire fee payable to Gatwick Airport Limited, whilst desk rentals will continue to operate without charge.
- Cashflows have been modelled on over 85% of receipts being collected at the time of booking, predominately on the day of departure, with suppliers settled on agreed credit terms. Receipts through the new merchant aquirer are on improved settlement terms.
- It is recognised that the losses forecast in 2020-2021 will see net cash outflows but, providing the forecast growth is met, the business has sufficient cash reserves to take it beyond the next 12 months.

Hovertravel Limited is expected to continue to recover from the effects of the COVID-19 pandemic for the foreseeable future and has obtained shareholder support from Bland Group UK Holdings Limited for the commitment to provide continuing financial support beyond the next twelve months. An emergency rolling forecast, with an emphasis on staging a cautious recovery, was approved by the directors following the COVID-19 and the sharp down turn in demand. A return in consumer confidence has since been seen, with revenues reaching a recovery rate of 81% in October 2020 as full operations resumed, but restrictions on capacity remain in place as a result of social distancing rules. However, despite a further lockdown throughout November, projections for a staged recovery are more optimistic than earlier in the year and expect monthly ticket sales to recover up to 75% by March 2021 and will continue at this level throughout 2021.

Given the constraints on revenue growth, Hovertravel is also focused on eliminating efficiencies to reduce their cost base. The business is expected to see labour cost savings of £730,000 in the financial year through continued use of the furlough scheme, re-organising its operations with a loss of 6% of its workforce and benefiting from £397,000 in grants from Department for Transport to offset labour costs incurred throughout lockdown. As they are expecting 79% of budgeted crossings being operated for the full year, this is reflected in variable cost savings of £87,000 in maintenance and fuel costs. Whilst these measures were taken to mitigate the losses during the changing trading conditions, EBITDA for the full year ending 31 March 2021 is forecast to be a loss of £98,000 (compared with the budget of £1.5m). Furthermore, a strategic review of the business has been undertaken through to March 2023, with the long-term objective of streamlining its operations and thus seeing further reductions in the cost base, as well as making further enhancements to its technology, bringing further efficiencies and improvements to the current forecast.

As the forecast losses will have a significant impact on its liquidity and in addition to the measures being taken to reduce both fixed and variable costs, Hovertravel has taken immediate steps to both help preserve its cash reserves, and to seek financial support from both internal and external stakeholders in order to meet its future obligations. These measures include: Coronavirus Business Interruption Loan of £250,000, with a payment holiday to 31 March 2021; Parent Company loan of up to £1,000,000; Capital and interest repayment holiday of 6 months on our existing loan; Freeze on all major capital expenditure projects until 2021; Approved Grants from the Department for Transport. The business is also enhancing its online presence, in a bid to increase advance sales, which are seeing 50% of general ticket sales for year to date being generated through our online portal.

The bank loan in place at Hovertravel is subject to two financial covenants including EBITDA to Debt Service and a loan to craft value. As at 31 March 2020, the Debt Service covenant requirement was not met, and the forecasts show that there will be future breaches to this covenant within the foreseeable future. The directors are in communication with their lenders and a formal waiver of the breaches at 31 March has formally been agreed by Barclays. Discussions are ongoing about future terms and covenant arrangements but not resolved at the date of approval of these financial statements. Accordingly, the directors have made enquiries of their Shareholder and ultimate controlling party about the availability of further financial support should this be required whilst revised facilities are being agreed, and have received confirmation this support will be made available should it be required for a period of not less that twelve months from the date of approval of the financial statements. On the basis of this support and the expectation reasonable terms will be agreed with lenders which will allow the Company's current financial arrangements to remain in place, the directors have concluded the going concern basis remains appropriate, however, in view of these circumstances and the wider economic environment associated with the global pandemic, the directors have concluded that there is a material uncertainty that may cast significant doubt upon the ability of Hovertravel Limited to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. At Group level, no such material uncertainty exists due to the Group support available, for which a letter of support has been provided.

Going concern (continued)

Despite the unfavourable prevailing economic conditions, the directors of Hovertravel believe that the business is ready to adapt to meet the expected changes in market demand and will continue to review its cost base. Whilst safety is the main priority, Hovertravel will continue to adopt social distancing guidelines into the business, and enhance its technology to both improve the customer experience and meet these risks and challenges.

The COVID-19 pandemic has had an impact on Bland (The Beehive) Limited, which has seen a decline in the occupancy level of the serviced offices, with a higher percentage than normal not being utilised. Due to the location of the building, many of the businesses who use the office space are linked to the aviation industry. This sector has been impacted badly as a result of COVID-19, with many businesses unable to survive. Rents are collected in advance by Orgea (Management) Limited, but they are anticipating a certain degree of nonpayment as the situation continues and businesses have cashflow issues. The direct impact on Bland (The Beehive) Limited is that, depending on occupancy levels, Orega (Management) Limited may not be in a position to pay the full targeted base rent return due to Bland (The Beehive) Limited for the year. There is also not anticipated to be any profit share for the year ending 31 March 2021. Bland (The Beehive) Limited has sufficient cash reserves to meet its obligations over the coming year, and it has not needed to take advantage of any of the government-backed support schemes or loans offered as support during the COVID-19 pandemic.

The directors of the Group have assesed the future financial support requirements of each of the companies in a range of COVID-19 scenarios, as outlined above. Based on reasonably foreseeable outcomes and having obtained confirmation that support and resources will be available from its parent company, Bland Group Holdings Limited, for a period of not less than 12 months from the date of signing of the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 3/12/2020 and signed on its behalf.

James Gaggero

J P Gaggero
Director

Directors' report
For the year ended 31 March 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 laws, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Results and dividends

The loss for the year, after taxation, amounted to £3,159,984 (2019 - profit £349,277).

There were no dividends recommended in the year.

Directors

The directors who served during the year were:

J P Gaggero
E L Howes
I Mackie
N J Gaggero (appointed 10 March 2020)

Research and development activities

Griffon Hoverwork Limited has undertaken two key projects of research and development. The main development project which commenced in 2012/13 was the inception of Griffon Hoverwork's first attempt at a formalised product development program and this has continued into later years. Having undertaken significant customer research and market analysis it was identified that the most significant gap in GHL's product offering was at the small scale craft range. More particularly a series of characteristics were identified by users of our existing small craft which crystalised a wish list of desirable attributes and areas where product improvement and innovation was required or desirable.

In response to the identification of these areas Griffon Hoverwork personnel began a significant period of work on the conceptual and then the detailed design of a craft, which would incorporate the ideas proposed to resolve the various existing problems. The construction of the prototype, the first operating craft and work required to develop the craft continues. It is therefore unsurprising that this constitutes the largest R and D spend in the company's history, and ongoing development and extension of the concepts to larger craft have kept significant R and D cost being incurred.

The other project, 12000TD, was designed as the replacement craft to the existing craft operating on the hovercraft route between Ryde and Southsea operated by Hovertravel Limited; a company in the same corporate group. The replacement of those craft was taken as an opportunity to explore new ideas and technologies to see if performance and efficiency could be optimised through a more integrated hovercraft design. The challenges to overcome were faster turnaround at each route stop, less maintenance cost, improved fuel efficiency, better craft performance, optimised capacity, reduced build time and increased compliance standards with new regulatory regimes.

Further to the figures mentioned in the Strategic report, Griffon Hoverwork has a strong pipeline for future craft opportunities, which includes multiple units of the newly developed craft mentioned above.

Development costs of £nil (2019 - £nil) have been capitalised during the year, and the net book value of capitalised development costs at 31 March 2020 is £2,557,392 (2019 - £2,715,171).

Matters covered in the strategic report

Future developments, going concern and financial risk management policies are all disclosed in the Strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Other than COVID-19, there have been no significant events affecting the Group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 3/12/2020 and signed on its behalf.

James Gaggero

J P Gaggero
Director

Independent auditors' report to the members of Bland Group UK Holdings Limited

Opinion

We have audited the financial statements of Bland Group UK Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and parent company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's and parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Independent auditors' report to the members of Bland Group UK Holdings Limited (continued)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's and parent company's businesses, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's and parent company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Bland Group UK Holdings Limited (continued)

Matter on which we are required to report under the Companies Act 2006

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 Group strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 for the financial statements

As explained more fully in the Directors' responsibilities statement on page 8, 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.

Independent auditors' report to the members of Bland Group UK Holdings Limited (continued)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Grant Thornton UK LLP

Norman Armstrong BSc FCA (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Statutory Auditor,
Chartered Accountants

Southampton
Date: 4/12/2020

Consolidated statement of comprehensive income
For the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		**30,752,112**	25,403,993
Cost of sales		**(24,505,953)**	(19,942,435)
Gross profit		**6,246,159**	5,461,558
Administrative expenses		**(7,185,777)**	(6,646,784)
Exceptional administrative income	13	**-**	1,037,573
Fair value movements		**(149,448)**	(21,496)
Operating loss	5	**(1,089,066)**	(169,149)
Interest receivable and similar income	9	**68,910**	42,410
Interest payable and expenses	10	**(189,777)**	(56,991)
Other finance charges	11	**13,670**	(167,349)
Loss before taxation		**(1,196,263)**	(351,079)
Tax on loss	12	**(1,963,721)**	700,356
(Loss)/profit for the financial year		**(3,159,984)**	349,277
Actuarial loss on defined benefit pension scheme		**(315,945)**	1,272,938
Other comprehensive income for the year		**(315,945)**	1,272,938
Total comprehensive income for the year		**(3,475,929)**	1,622,215
Owners of the parent Company		**(3,159,984)**	349,277
		(3,159,984)	349,277

The notes on pages 23 to 57 form part of these financial statements.

Bland Group UK Holdings Limited
Registered number: 06433017

Consolidated statement of financial position
As at 31 March 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	14		**3,783,581**		4,009,463
Tangible assets	15		**7,053,026**		7,789,531
Investments	16		**5,519**		5,519
			10,842,126		11,804,513
Current assets					
Stocks	17	**6,678,448**		8,228,667	
Debtors: amounts falling due within one year	18	**12,892,698**		13,858,095	
Cash at bank and in hand	19	**5,267,664**		4,435,578	
		24,838,810		26,522,340	
Creditors: amounts falling due within one year	20	**(8,862,956)**		(8,003,454)	
Net current assets			**15,975,854**		18,518,886
Total assets less current liabilities			**26,817,980**		30,323,399
Creditors: amounts falling due after more than one year	21		**(13,926,697)**		(14,168,858)
Net assets excluding pension asset			**12,891,283**		16,154,541
Pension asset			**311,933**		524,604
Net assets			**13,203,216**		16,679,145
Capital and reserves					
Called up share capital	25		**15,304,430**		15,304,430
Capital redemption reserve	26		**1,213,310**		1,213,310
Merger reserve	26		**1,863,003**		1,863,003
Profit and loss account	26		**(5,177,527)**		(1,701,598)
Equity attributable to owners of the parent Company			**13,203,216**		16,679,145
			13,203,216		16,679,145

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
3/12/2020

James Gaggero
J P Gaggero
Director

The notes on pages 23 to 57 form part of these financial statements.

Bland Group UK Holdings Limited
Registered number: 06433017

Company statement of financial position
As at 31 March 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	14		**15,750**		15,750
Tangible assets	15		**1,471**		1,300
Investments	16		**4,770,296**		6,970,296
			4,787,517		6,987,346
Current assets					
Debtors: amounts falling due after more than one year	18	**15,446,167**		-	
Debtors: amounts falling due within one year	18	**6,919,660**		20,091,861	
Cash at bank and in hand	19	**1,272,067**		549,124	
		23,637,894		20,640,985	
Creditors: amounts falling due within one year	20	**(1,116,847)**		(1,280,301)	
Net current assets			**22,521,047**		19,360,684
Total assets less current liabilities			**27,308,564**		26,348,030
Creditors: amounts falling due after more than one year	21		**(11,650,000)**		(9,000,000)
Net assets excluding pension asset			**15,658,564**		17,348,030
Net assets			**15,658,564**		17,348,030
Capital and reserves					
Called up share capital	25		**15,304,430**		15,304,430
Profit and loss account	26		**354,134**		2,043,600
			15,658,564		17,348,030

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
3/12/2020

James Gaggero

J P Gaggero
Director

The notes on pages 23 to 57 form part of these financial statements.

Consolidated statement of changes in equity
For the year ended 31 March 2020

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2019	15,304,430	1,213,310	1,863,003	(1,701,598)	16,679,145
Comprehensive income for the year					
Loss for the year	-	-	-	(3,159,984)	(3,159,984)
Actuarial losses on pension scheme	-	-	-	(315,945)	(315,945)
Other comprehensive income for the year	-	-	-	(315,945)	(315,945)
Total comprehensive income for the year	-	-	-	(3,475,929)	(3,475,929)
At 31 March 2020	15,304,430	1,213,310	1,863,003	(5,177,527)	13,203,216

Consolidated statement of changes in equity
For the year ended 31 March 2019

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018	15,304,430	1,213,310	1,863,003	(3,323,813)	15,056,930
Comprehensive income for the year					
Profit for the year	-	-	-	349,277	349,277
Actuarial gains on pension scheme	-	-	-	1,272,938	1,272,938
Other comprehensive income for the year	-	-	-	1,272,938	1,272,938
Total comprehensive income for the year	-	-	-	1,622,215	1,622,215
Total transactions with owners	-	-	-	-	-
At 31 March 2019	15,304,430	1,213,310	1,863,003	(1,701,598)	16,679,145

The notes on pages 23 to 57 form part of these financial statements.

Bland Group UK Holdings Limited

Company statement of changes in equity
For the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	15,304,430	2,043,600	17,348,030
Comprehensive income for the year			
Loss for the year	-	(1,689,466)	(1,689,466)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,689,466)	(1,689,466)
At 31 March 2020	15,304,430	354,134	15,658,564

Company statement of changes in equity
For the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	15,304,430	301,432	15,605,862
Comprehensive income for the year			
Profit for the year	-	1,742,168	1,742,168
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,742,168	1,742,168
At 31 March 2019	15,304,430	2,043,600	17,348,030

The notes on pages 23 to 57 form part of these financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	**(3,159,984)**	349,277
Adjustments for:		
Amortisation of intangible assets	**529,952**	505,161
Depreciation of tangible assets	**1,347,295**	1,458,106
Loss on disposal of tangible assets	**3,228**	1,735
Interest paid	**189,777**	56,991
Interest received	**(68,910)**	(42,410)
Taxation charge	**1,963,721**	(700,356)
Decrease/(increase) in stocks	**1,550,219**	(488,324)
(Increase) in debtors	**(1,034,151)**	(567,206)
Decrease in amounts owed by joint ventures	**33,895**	14,129
(Decrease)/increase in creditors	**(1,734,131)**	2,672,329
Increase/(decrease)) in amounts owed to groups	**2,650,000**	(760,150)
Difference between pension charge and cash contribution	**(103,273)**	45,757
Corporation tax (paid)/received	**(109)**	31
Decrease/(increase) in fair value of financial instrument assets	**149,448**	(17,604)
Net cash generated from operating activities	**2,316,977**	2,527,466
Cash flows from investing activities		
Purchase of intangible fixed assets	**(304,882)**	(310,667)
Sale of intangible assets	**812**	-
Purchase of tangible fixed assets	**(622,058)**	(714,280)
Sale of tangible fixed assets	**8,040**	17,003
Interest received	**68,910**	42,410
Net cash from investing activities	**(849,178)**	(965,534)

Bland Group UK Holdings Limited

Consolidated statement of cash flows (continued)
For the year ended 31 March 2020

	2020 £	2019 £
Cash flows from financing activities		
Repayment of loans	**(445,936)**	(430,659)
Repayment of other loans	**-**	(1,200,000)
Interest paid	**(189,777)**	(56,991)
Net cash used in financing activities	**(635,713)**	(1,687,650)
Net increase/(decrease) in cash and cash equivalents	**832,086**	(125,718)
Cash and cash equivalents at beginning of year	**4,435,578**	4,561,296
Cash and cash equivalents at the end of year	**5,267,664**	4,435,578
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,267,664**	4,435,578
	5,267,664	4,435,578

The notes on pages 23 to 57 form part of these financial statements.

Consolidated Analysis of Net Debt
For the year ended 31 March 2020

	At 1 April 2019 £	Cash flows £	Other non-cash changes £	At 31 March 2020 £
Cash at bank and in hand	4,435,578	832,086	-	5,267,664
Debt due after 1 year	(2,879,027)	2,879,027	-	-
Debt due within 1 year	(445,936)	(2,433,091)	-	(2,879,027)
Financial instruments	17,656	-	(1,932)	15,724
	1,128,271	1,278,022	(1,932)	2,404,361

The notes on pages 23 to 57 form part of these financial statements.

1. General information

Bland Group UK Holdings Limited is a private company limited by shares, incorporated in England. The address of its registered office is Estate Office, Encombe House, Corfe Castle, Wareham Dorset, BH20 5LW and its principal places of business are Gatwick, Southampton and the Isle of Wight.

Bland Group UK Holdings Limited ("the Company") is the UK based holding company of a group of companies involved during the year in the design and manufacture of hovercraft, precision engineering and manufacturing, transportation, travel and property. The Company provides management support, strategic direction and reviews investment opportunities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2015.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

On 18 August 2015, Universal Engineering Limited and its subsidiary Phoenix CNC Engineering Limited were placed into Administration. From this date the directors have concluded that control ceased to exist and therefore these companies have not been consolidated after this date. The investments in these companies have been shown at cost net of a full impairment provision previously recognised.

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2. Accounting policies (continued)

2.4 Going concern

With the on-going COVID-19 pandemic, the future viability of all companies within the Group has been fully reviewed by the Directors.

Griffon Hoverwork Limited reported a loss before tax for the period of £990,201 (2019 - £1,396,602) and has net current liabilities of £5,850,073. Included within creditors is an amount owed to parent undertakings of £15,446,167, for which the directors of the parent undertaking have confirmed repayment will not be due within 12 months from signing. Griffon's Directors have presented a forecast up to 31 March 2025, which was prepared on a worst case basis and to reflect plausible downside scenarios as a result of the COVID-19 pandemic, it's impact on the global economy and the Hovercraft market. The scenarios assumed confirmed or recurring orders only for the period, staff redundancies and the Government furlough scheme to continue until March 2021. There has not been an impact on customer demand of craft sales, spare parts, consultancy or training requirements as a result of the COVID-19 pandemic. However, it has added challenges in production in relation to social distancing, supply chain management and delivery of training overseas. Bland Group UK Holdings Limited has committed not to recall amounts due from Griffon Hoverwork Limited, and to continue to provide continuing financial support for a period of not less than 12 months from the date of signing of Griffon's financial statements.

The travel restrictions imposed during the COVID-19 lockdown have resulted in a sharp downturn in revenues for Airborne Representation Limited, and a slow and cautious recovery is anticipated over the next 12 months, with an ongoing reduction in demand due to the drop in footfall and passenger traffic. Airborne are in regular contact with suppliers to seek capacity and improve their supply chain. Understanding future passenger numbers, through working with key partners, is the main part of the recovery planning forecast. To mitigate the downturn immediate actions were taken by Airborne, making use of the government furlough scheme which resulted in 70% of the staff team being furloughed. Since then they have undertaken an ongoing review of current and future resource requirements, with consideration of the support schemes available through to October. As a result of the resource reviews and to align with the forecast revenues, a redundancy programme has been instigated, whilst ensuring that the skillset is maintained. In addition, a profit improvement plan has been implemented to review the cost base. Ongoing resource requirements have been tailored month by month, to meet the demand of the business, maximise revenue earnings and in order to comply with government workplace restrictions, prioritising health and safety. Given the current uncertainty of the revenue recovery rate, a further review was undertaken at the end of August 2020 to consider the necessity of additional redundancies to ensure revenue expectations were met.

Gatwick Airport's short term consolidation of 2 terminals into 1 has allowed Airborne to further mitigate operational losses through working solely out of the North Terminal with a skeleton team. The situation is fluid, with a requirement for the business to remain adaptable and able to align itself with key stakeholders in order to maximise revenues and speed recovery. These measures have all been taken to preserve cash within the business and cash flows are closely monitored, in order to maintain cash reserves without group support.

In addition to the Coronavirus Job Retention Scheme Airborne have made use of the opportunity to defer PAYE contributions through to July 2020. Within the forecast they have reflected an impairment charge for the investment in the Teleticket website, as closure of this arm of the business is considered if the trading environment does not improve. The business has invested in a new booking system and there will now be a freeze on any further significant capital expenditure over the next two years. Furthermore, there was no requirement for any external funding by way of the Coronavirus Business Interruption Loan and the business has not needed to make any provision for any bad debt as any exposure is well managed.

2. Accounting policies (continued)

2.4 Going concern (continued)

Hovertravel Limited is expected to continue to recover from the effects of the COVID-19 pandemic for the foreseeable future and has obtained shareholder support from Bland Group UK Holdings Limited for the commitment to provide continuing financial support beyond the next twelve months. An emergency rolling forecast, with an emphasis on staging a cautious recovery, was approved by the directors following the COVID-19 and the sharp down turn in demand. A return in consumer confidence has since been seen, with revenues reaching a recovery rate of 81% in October 2020 as full operations resumed, but restrictions on capacity remain in place as a result of social distancing rules. However, despite a further lockdown throughout November, projections for a staged recovery are more optimistic than earlier in the year and expect monthly ticket sales to recover up to 75% by March 2021 and will continue at this level throughout 2021.

Given the constraints on revenue growth, Hovertravel is also focused on eliminating efficiencies to reduce their cost base. The business is expected to see labour cost savings of £730,000 in the financial year through continued use of the furlough scheme, re-organising its operations with a loss of 6% of its workforce and benefiting from £397,000 in grants from Department for Transport to offset labour costs incurred throughout lockdown. As they are expecting 79% of budgeted crossings being operated for the full year, this is reflected in variable cost savings of £87,000 in maintenance and fuel costs. Whilst these measures were taken to mitigate the losses during the changing trading conditions, EBITDA for the full year ending 31 March 2021 is forecast to be a loss of £98,000 (compared with the budget of £1.5m). Furthermore, a strategic review of the business has been undertaken through to March 2023, with the long-term objective of streamlining its operations and thus seeing further reductions in the cost base, as well as making further enhancements to its technology, bringing further efficiencies and improvements to the current forecast.

As the forecast losses will have a significant impact on its liquidity and in addition to the measures being taken to reduce both fixed and variable costs, Hovertravel has taken immediate steps to both help preserve its cash reserves, and to seek financial support from both internal and external stakeholders in order to meet its future obligations. These measures include: Coronavirus Business Interruption Loan of £250,000, with a payment holiday to 31 March 2021; Parent Company loan of up to £1,000,000; Capital and interest repayment holiday of 6 months on our existing loan; Freeze on all major capital expenditure projects until 2021; Approved Grants from the Department for Transport. The business is also enhancing its online presence, in a bid to increase advance sales, which are seeing 50% of general ticket sales for year to date being generated through our online portal.

The bank loan in place at Hovertravel is subject to two financial covenants including EBITDA to Debt Service and a loan to craft value. As at 31 March 2020, the Debt Service covenant requirement was not met, and the forecasts show that there will be future breaches to this covenant within the foreseeable future. The directors are in communication with their lenders and a formal waiver of the breaches at 31 March has formally been agreed by Barclays. Discussions are ongoing about future terms and covenant arrangements but not resolved at the date of approval of these financial statements. Accordingly, the directors have made enquiries of their Shareholder and ultimate controlling party about the availability of further financial support should this be required whilst revised facilities are being agreed, and have received confirmation this support will be made available should it be required for a period of not less that twelve months from the date of approval of the financial statements. On the basis of this support and the expectation reasonable terms will be agreed with lenders which will allow the Company's current financial arrangements to remain in place, the directors have concluded the going concern basis remains appropriate, however, in view of these circumstances and the wider economic environment associated with the global pandemic, the directors have concluded that there is a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. At Group level, no such material uncertainty exists due to the Group support available, for which a letter of support has been provided.

2. Accounting policies (continued)

2.4 Going concern (continued)

Despite the unfavourable prevailing economic conditions, the directors of Hovertravel believe that the business is ready to adapt to meet the expected changes in market demand and will continue to review its cost base. Whilst safety is the main priority, Hovertravel will continue to adopt social distancing guidelines into the business, and enhance its technology to both improve the customer experience and meet these risks and challenges.

Forecasts have been prepared for Airborne to March 2023 and, given the uncertain and changing business conditions facing the travel industry, the modelling has been based on the following:
- A staged recovery of up to 55% in 2022-23, albeit there is very limited data from partners to support growth over this period.
- The recovery to be supported by diversifying core products, with a focus on the digitalisation of remote ticketing services and the operation of a call centre for a Group company.
- A focus on reducing the cost base in order to operate the scaled down business which the business envisages operating from the one Terminal until further notice. This will result in a 60% reduction in staff numbers, giving annual savings of over £0.5m in comparison to the pre-COVID forecasts.
- Given the forecast losses, there will be no concessionaire fee payable to Gatwick Airport Limited, whilst desk rentals will continue to operate without charge.
- Cashflows have been modelled on over 85% of receipts being collected at the time of booking, predominately on the day of departure, with suppliers settled on agreed credit terms. Receipts through the new merchant aquirer are on improved settlement terms.
- It is recognised that the losses forecast in 2020-2021 will see net cash outflows but, providing the forecast growth is met, the business has sufficient cash reserves to take it beyond the next 12 months.

The COVID-19 pandemic has had an impact on Bland (The Beehive) Limited, which has seen a decline in the occupancy level of the serviced offices, with a higher percentage than normal not being utilised. Due to the location of the building, many of the businesses who use the office space are linked to the aviation industry. This sector has been impacted badly as a result of COVID-19, with many businesses unable to survive. Rents are collected in advance by Orgea (Management) Limited, but they are anticipating a certain degree of nonpayment as the situation continues and businesses have cashflow issues. The direct impact on Bland (The Beehive) Limited is that, depending on occupancy levels, Orega (Management) Limited may not be in a position to pay the full targeted base rent return due to Bland (The Beehive) Limited for the year. There is also not anticipated to be any profit share for the year ending 31 March 2021. Bland (The Beehive) Limited has sufficient cash reserves to meet its obligations over the coming year, and it has not needed to take advantage of any of the government-backed support schemes or loans offered as support during the COVID-19 pandemic.

The directors of the Group have assesed the future financial support requirements of each of the companies in a range of COVID-19 scenarios, as outlined above. Based on reasonably foreseeable outcomes and having obtained confirmation that support and resources will be available from its parent company, Bland Group Holdings Limited, for a period of not less than 12 months from the date of signing of the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

On long term contracts for new craft sales, refurbishments and consultancy work, profit is recognised, if the final outcome can be assessed with reasonable certainty, by including in the statement of comprehensive income turnover and related costs as build activity progresses. Turnover recognised in the period is calculated with reference to the stage of completion of the project reached at year end. Revenue for hovercraft spares orders are recognised when the goods have been dispatched, revenue and costs are then included within the statement of comprehensive income.

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out by year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Revenue arising on ticket sales is recognised on the date of travel. Income is not treated as earned until the departure date of the service provided on the relevant booking. Revenue arising from season ticket sales is recognised by reference to the stage of completion of the customer's travel provided under contractual arrangements as a proportion of total services provided. A proportion of the amount received from the sale of season tickets is deferred within liabilities and recognised in the statement of comprehensive income over the period covered by the relevant ticket.

2. Accounting policies (continued)

2.5 Revenue (continued)

Revenue arising on freight and delivery is recognised on the date of transit. Revenue arising from other ancilliary activities is recognised on the date of sale.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Patents	-	On a straight line basis over 20 years
Development expenditure	-	On a straight line basis over 20 years
Goodwill	-	On a straight line basis over 10 years
Software	-	25% on a reducing balance basis and on a straight line basis over 3 to 5 years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on methods appropriate to class.

Depreciation is provided on the following basis:

Freehold property	- 2% on a straight line basis
Leasehold property	- over 40 years or, if shorter, the unexpired term of the lease
Leasehold improvements	- 12.5% on a straight line basis/remaining term of the lease
Plant and machinery	- 12.5% - 15% on a reducing balance basis
Motor vehicles	- 15% - 25% on a straight line basis
Fixtures and fittings	- 15% - 25% on a reducing balance basis
Office equipment	- 10% on a straight line basis and 15% and 25% on a reducing balance basis
Computer equipment	- 25% on a straight line basis
Hovercraft in use	- 5% - 10% on a straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. Accounting policies (continued)

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.17 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.19 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Judgements

The Directors of each of the companies within the Group have presented long term forecasts, which were prepared on a worst case basis and to reflect plausible downside scenarios as a result of the COVID-19 pandemic and it's impact on the global economy. Bland Group UK Holdings Limited has committed not to recall amounts due from Group companies and to continue to provide financial support for a period of not less than 12 months from the date of signing of the financial statements.

With further future losses anticipated as a result of difficult trading conditions and the COVID-19 global pandemic, the judgement has been taken to no longer recognise the deferred tax assets held by Griffon Hoverwork Limited and Hovertravel Limited and these have been fully removed in the year ending 31 March 2020.

A judgement has been taken that the economic life of the hovercraft owned by Hovertravel Limited will be in line with similar previously owned assets, and the long term view that the hovercraft would require to be overhauled over a 10 year period, or sold and replaced with a more efficient model to reflect the needs of the business at that time. The approach to the economic life of spares is that assets generally are replenished over a 3 year period as they become less efficient over time, given the conditions in which the hovercraft operate.

The value of the assets and obligations in respect of the defined benefit pension plan operated by Hovertravel Limited are based on judgements, assumptions and calculations made by independent actuaries.

Estimates

The group has recognised provisions for impairment of trade receivables in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historcal experience and other reasonable factors.

The group uses long term contract accounting for valuing work completed on crafts in build accross the end of financial periods. This is done with reference to actual versus expected completion time on each craft build which represents a judgement made about the state of completion of each relevant build.

Intangible assets in respect of development costs have been recognised in relation to new craft designs. Key estimates have been made in respect of the longevity and future commercial viability of these designs, based on experience of existing craft types and the valuation included in the financial statements has been justified using a Net Present Value method of assessing future cash flows. This will be reviewed at the end of each financial period to ensure the carrying value of the asset remains appropriate. The carrying value at year end of the intangible assets in question is £2,557,392 (2019 - £2,715,171).

Impairment of goodwill and investments

Management have considered whether there are any indications that goodwill and other intangible assets may have been impaired at the reporting date. As previously described within the accounting policies, the directors have completed an exercise of comparing the carrying value of the goodwill and investments to the expected recoverable amount based upon approved budgets that exist for each of the relevant businesses. Given the forecast future losses for Hovertravel Limited, the investment value has been impaired by £2,200,000 to the net asset value for the business at 31st March 2020.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Travel and tourism	**13,854,757**	13,719,405
Engineering and manufacturing	**16,217,644**	10,881,119
Other	**679,711**	803,469
	30,752,112	25,403,993

Contract revenue recognised during the year, in line with Accounting Policy 2.5 Revenue, amounted to £7,904,019 arising from the sale of two large hovercraft (2019 - £3,301,676 from the sale of three small hovercraft) and £860,369 (2019 - £869,696) for the sale of season tickets at Hovertravel.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	**14,855,359**	15,079,728
North America	**295,703**	283,829
Rest of the World	**15,601,050**	10,040,436
	30,752,112	25,403,993

5. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Exchange differences	**37,140**	41,497
Other operating lease rentals	**1,234,777**	799,058
Depreciation of tangible fixed assets	**1,347,295**	1,458,106
Amortisation of intangible assets, including goodwill	**529,952**	505,161
Defined contribution pension cost	**298,937**	261,810
Defined benefit pension cost	**5,311**	(18,557)

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**95,925**	71,800
	95,925	71,800
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	**20,950**	16,900
All other taxation advisory services	**36,350**	6,158
All non audit services not covered above	**31,025**	20,000
	88,325	43,058

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	**Company 2020** £	Company 2019 £
Wages and salaries	**7,959,657**	6,731,150	**276,720**	263,471
Social security costs	**762,486**	630,307	**31,949**	30,350
Cost of defined benefit scheme	**5,311**	(18,557)	**-**	-
Cost of defined contribution scheme	**301,189**	261,810	**8,422**	7,600
	9,028,643	7,604,710	**317,091**	301,421

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Hovercraft operation	**65**	61
Engineering and manufacturing	**89**	83
Sales and administration	**115**	87
	269	231

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	**219,832**	207,812
	219,832	207,812

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,000 (2019 - £150,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2019 - £NIL).

9. Interest receivable

	2020 £	2019 £
Bank interest receivable	**68,910**	42,410
	68,910	42,410

10. *Interest payable and similar expenses*

	2020 £	2019 £
Bank interest payable	**96,861**	126,540
Loans from group undertakings	**92,916**	(69,549)
	189,777	56,991

11. Other finance costs

	2020 £	2019 £
Net interest on net defined benefit liability	**(57,677)**	(97,059)
Expected return on pension scheme assets	**71,347**	79,710
Pension past service costs	**-**	(150,000)
	13,670	(167,349)

12. Taxation

	2020 £	2019 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	845,375	(575,301)
Effect of tax rate change on opening balance	(276,318)	-
Losses recognised	1,394,663	(125,204)
Adjustments in respect of prior periods	1	149
Total deferred tax	1,963,721	(700,356)
Taxation on profit/(loss) on ordinary activities	1,963,721	(700,356)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(1,196,263)	(351,079)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(227,290)	(66,705)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	72,207	62,675
Adjustments to tax charge in respect of prior periods	1	149
Non-taxable income	-	(229,694)
Amounts charged directly to equity	(60,954)	241,858
Fixed asset differences	16,176	38,126
Adjust opening deferred tax to average rate of 19% (2019 - 19%)	(276,522)	(281,187)
Adjust closing deferred tax to average rate of 19% (2019 - 19%)	-	276,317
Deferred tax not recognised	2,439,464	(741,897)
Other differences leading to an increase (decrease) in the tax charge	(2)	2
Group relief	536	-
Other permanent differences	105	-
Total tax charge for the year	1,963,721	(700,356)

13. Exceptional items

	2020 £	2019 £
Receipt of old debts previously impaired	-	(1,037,573)
	-	(1,037,573)

Final amounts were received during the year ending 31 March 2019 from the liquidators of Universal Engineering Limited. The debts had previously been impaired in 2017, whilst the company was in the process of administration.

14. Intangible assets

Group

	Software £	Develop't costs £	Intellectual Property £	Goodwill £	Total £
Cost					
At 1 April 2019	**762,516**	**3,155,580**	**50,361**	**20,274,152**	**24,242,609**
Additions	**304,882**	-	-	-	**304,882**
Disposals	**(8,476)**	-	-	-	**(8,476)**
At 31 March 2020	**1,058,922**	**3,155,580**	**50,361**	**20,274,152**	**24,539,015**
Amortisation					
At 1 April 2019	**359,907**	**440,409**	**9,951**	**19,422,879**	**20,233,146**
Charge for the year on owned assets	**64,720**	**157,779**	**1,731**	**305,722**	**529,952**
On disposals	**(7,664)**	-	-	-	**(7,664)**
At 31 March 2020	**416,963**	**598,188**	**11,682**	**19,728,601**	**20,755,434**
Net book value					
At 31 March 2020	**641,959**	**2,557,392**	**38,679**	**545,551**	**3,783,581**
At 31 March 2019	402,609	2,715,171	40,410	851,273	4,009,463

14. Intangible assets (continued)

Company

	Intellectual Property £
Cost	
At 1 April 2019	**15,750**
At 31 March 2020	**15,750**
Net book value	
At 31 March 2020	**15,750**
At 31 March 2019	15,750

15. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Hovercraft £	Office equipment £	Total £
Cost or valuation						
At 1 April 2019	**4,464,273**	**1,485,641**	**56,005**	**10,560,358**	**1,307,037**	**17,873,314**
Additions	**24,923**	**26,275**	**4,650**	**487,431**	**78,779**	**622,058**
Disposals	**-**	**-**	**-**	**-**	**(336,754)**	**(336,754)**
At 31 March 2020	**4,489,196**	**1,511,916**	**60,655**	**11,047,789**	**1,049,062**	**18,158,618**
Depreciation						
At 1 April 2019	**2,982,785**	**980,928**	**38,058**	**4,948,657**	**1,133,355**	**10,083,783**
Charge for the year on owned assets	**131,875**	**113,651**	**4,016**	**1,041,745**	**56,008**	**1,347,295**
Disposals	**-**	**-**	**-**	**-**	**(325,486)**	**(325,486)**
At 31 March 2020	**3,114,660**	**1,094,579**	**42,074**	**5,990,402**	**863,877**	**11,105,592**
Net book value						
At 31 March 2020	**1,374,536**	**417,337**	**18,581**	**5,057,387**	**185,185**	**7,053,026**
At 31 March 2019	1,481,488	504,713	17,947	5,611,701	173,682	7,789,531

15. Tangible fixed assets (continued)

Company

	Office equipment £
Cost or valuation	
At 1 April 2019	**111,041**
Additions	**710**
At 31 March 2020	**111,751**
Depreciation	
At 1 April 2019	**109,741**
Charge for the year on owned assets	**539**
At 31 March 2020	**110,280**
Net book value	
At 31 March 2020	**1,471**
At 31 March 2019	1,300

16. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 April 2019	**5,519**
At 31 March 2020	**5,519**
Net book value	
At 31 March 2020	**5,519**
At 31 March 2019	5,519

On 6 November 2017, Adrian Went, the managing director of Griffon Hoverwork Limited, became a director of GriffonSwiss GmbH, a new company incorporated in Germany. Griffon Hoverwork Limited have a 25.1% share in the joint venture with SwissMarine. The GriffonSwiss GmbH nominal share capital is €25,000.

There have been no transactions with GriffonSwiss GmbH during the year.

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	**30,679,979**
At 31 March 2020	**30,679,979**
Impairment	
At 1 April 2019	**23,709,683**
Charge for the period	**2,200,000**
At 31 March 2020	**25,909,683**
Net book value	
At 31 March 2020	**4,770,296**
At 31 March 2019	6,970,296

As at 31st March 2020 the investment in Hovertravel Limited was impaired by £2,200,000. As at 31st March 2017 the investment in Griffon Hoverwork Limited was fully impaired.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Airborne Representation Limited	Ordinary	100
Mistycraft Limited	Ordinary	100
Bland Group Properties Limited	Ordinary	100
Hovertravel Limited	Ordinary	100
Griffon Hoverwork Limited	Ordinary	100
Bland (The Beehive) Limited	Ordinary	100
Griffon Hovercraft Limited	Ordinary	100
Hovercraft Consultants Limited	Ordinary	100
Bland Engineering Holdings Limited	Ordinary	100

17. Stocks

	Group 2020 £	Group 2019 £
Raw materials and consumables	**862,607**	728,324
Finished goods and goods for resale	**57,156**	64,959
Long term contract balances	**5,758,685**	7,435,384
	6,678,448	8,228,667

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Debtors due after more than one year				
Amounts owed by group undertakings	**-**	-	**15,446,167**	-
	-	-	**15,446,167**	-

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Debtors falling due within one year				
Trade debtors	**3,965,654**	1,727,304	**11,615**	9,735
Amounts owed by group undertakings	**-**	-	**167,599**	13,274,167
Amounts owed by joint ventures and associated undertakings	**62,020**	95,915	**-**	-
Other debtors	**7,541,835**	7,502,543	**6,643,999**	6,643,999
Prepayments and accrued income	**922,486**	2,165,977	**12,556**	16,802
Deferred taxation	**384,979**	2,348,700	**83,891**	147,158
Financial instruments	**15,724**	17,656	**-**	-
	12,892,698	13,858,095	**6,919,660**	20,091,861

Amounts owed by group undertakings includes a loan of £15,446,167 (2019 - £13,205,168) to Griffon Hoverwork Limited, repayable on demand. There were no other terms or conditions attached to the loan, other than interest charged at a rate of 3.5% over UK base rate per year (2019 - 4%). However, this loan will not be recalled within 12 months from the signed date of these financial statements and has therefore been reclassified as falling due after more than one year.

Other debtors includes £6,643,999 held by Lloyds Bank as a guarantee deposit for Griffon Hoverwork Limited.

19. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	**5,267,664**	4,435,578	**1,272,067**	549,124
	5,267,664	4,435,578	**1,272,067**	549,124

20. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	**2,879,027**	445,936	-	-
Payments received on account	**1,079,698**	3,872,737	-	-
Trade creditors	**1,742,268**	1,338,890	**19,492**	63,303
Amounts owed to group undertakings	-	-	**1,047,454**	1,160,903
Corporation tax	-	109	-	-
Other taxation and social security	**325,255**	208,544	**24,026**	33,745
Other creditors	**306,081**	399,121	-	-
Accruals and deferred income	**2,358,254**	1,726,395	**25,875**	22,350
Financial instruments	**172,373**	11,722	-	-
	8,862,956	8,003,454	**1,116,847**	1,280,301

The bank loans consist of two loans, both provided by Barclays Bank PLC to Hovertravel Limited. The security pledged comprises a fixed and floating charge, with the fixed charge over the two hovercraft Solent Flyer and Island Flyer. Loan A is of 7 years duration, at a fixed rate of 3.34%. Monthly repayments are £22,917.94, with a balloon payment of £675,000 due in April 2023. Loan B is of 7 years duration, at a fixed rate of 2.87%. Monthly repayments are £22,310.84, with a balloon payment of £675,000 due in July 2023. The bank loan is subject to two financial covenants including EBITDA to Debt Service and a loan to craft value. As at 31 March 2020, the Debt Service covenant requirement was not met, and the forecasts show that there will be future breaches to this covenant within the foreseeable future. The directors are in communication with their lenders and a formal waiver of the breaches at 31 March has formally been agreed by Barclays. Discussions are ongoing about future terms and covenant arrangements but not resolved at the date of approval of these financial statements. Accordingly, the directors have made enquiries of their Shareholder and ultimate controlling party about the availability of further financial support should this be required whilst revised facilities are being agreed, and have received confirmation this support will be made available should it be required for a period of not less that twelve months from the date of approval of the financial statements.

In the year the group has utilised a contract financing facilty from the bank. Lending is made against existing contracts at a rate of 2.5% over base. The facility is entirely repayable within one year.

21. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Bank loans	**-**	2,879,027	**-**	-
Amounts owed to group undertakings	**13,895,626**	11,245,626	**11,650,000**	9,000,000
Financial instruments (after 1 yr)	**31,071**	44,205	**-**	-
	13,926,697	14,168,858	**11,650,000**	9,000,000

22. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank loans	**2,879,027**	445,936
	2,879,027	445,936
Amounts falling due 1-2 years		
Bank loans	**-**	459,986
	-	459,986
Amounts falling due 2-5 years		
Bank loans	**-**	2,419,041
	-	2,419,041
	2,879,027	3,324,963

The EBITDA to Debt Service covenant on the loan povided by Barclays Bank PLC to Hovertravel Limited was breached at 31 March 2020.
The carrying amount of the related loans payable at the reporting date amounted to £2,879,027.
The forecasts show that there will be future breaches to this covenant within the foreseeable future. The directors are in communication with their lenders and a formal waiver of the breaches at 31 March 2020 has formally been agreed by Barclays. Discussions are ongoing about future terms and covenant arrangements but not resolved at the date of approval of these financial statements.

23. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	**5,283,388**	4,453,234	**1,272,067**	549,124
Financial assets that are debt instruments measured at amortised cost	**11,569,509**	9,325,762	**22,269,380**	19,927,901
	16,852,897	13,778,996	**23,541,447**	20,477,025
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(203,444)**	(55,927)	**-**	-
Financial liabilities measured at amortised cost	**(21,181,256)**	(18,034,995)	**(12,742,821)**	(10,246,556)
	(21,384,700)	(18,090,922)	**(12,742,821)**	(10,246,556)

Financial assets measured at fair value through income statement comprise cash at bank and in hand and forward fuel contracts.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and joint ventures, and other debtors.

Financial Liabilities measured at amortised cost comprise bank loans, other loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Derivative financial instruments measured at fair value comprise forward foreign currency contracts.

24. Deferred taxation

Group

	2020 £
At beginning of year	**2,348,700**
Charged to profit or loss	**(1,963,721)**
At end of year	**384,979**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	**105,202**	197,787	**30,099**	26,839
Tax losses	**278,674**	1,310,156	**53,792**	112,880
Other timing differences	**1,103**	840,757	**-**	7,439
	384,979	2,348,700	**83,891**	147,158

There are tax losses available to carry forward against future trading profits of approximately £7,050,145 (2019 - £7,028,655). A deferred tax asset has only been recognised to the extent they are expected to be utilised against future trading profits in the forseeable future. Profit forecasts to support this estimate are based on contracted revenues which are already secured. The remainder of these trading losses have not been recognised in the accounts, as full utilisation of these additional losses in the forseeable future is uncertain.

25. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
15,304,430 (2019 - 15,304,430) Ordinary shares of £1.00 each	**15,304,430**	15,304,430

All the ordinary shares carry equal participation in assets, rights to dividends and voting power.

During November 2017, a capital reduction was undertaken, in order to reduce the share capital from £50,000,000 to £15,304,430 through the cancellation of 34,695,570 ordinary shares.

26. Reserves

Capital redemption reserve

Relates to shares previously bought back by the company.

Merger Reserve

Relates to reserves recognised upon past business combinations.

Profit & loss account

Includes all current and prior period retained profits and losses.

27. Contingent liabilities

The Group had no contingent liabilities during the year ending 31 March 2020.

28. Capital commitments

At 31 March 2020 the Group had capital commitments as follows:

	Group 2020 £	Group 2019 £
Contracted for but not provided in these financial statements	**(24,300)**	102,329
	(24,300)	102,329

The Group has capital commitments relating to the development of the new booking system and other IT infrastructure at Airborne Representation Limited. The total commitment at 31 March 2020 amounted to £24,300 (2019 - £162,425), of which £nil (2019 - £60,096) is included within intangible asset additions.

29. Pension commitments

The group operates several defined contribution pension schemes on behalf of its employees. The assets of these schemes are held separately from those of the group in independently administered funds. The total pension charge for the period amounted to £298,937 (2019: £258,880). There were no outstanding contributions at the year end (2019: £nil).

The Group operates a Defined benefit pension scheme.

The group participated in a defined benefit scheme for the employees of Hovertravel Limited ("Hovertravel scheme").

With effect from 31 March 2004 the Hovertravel scheme was closed to new entrants and future accruals and from 1 January 2004 a defined contribution scheme was established for eligible employees. The defined benefit scheme provides retirement benefits based on final pensionable pay for the eligible staff and directors of Hovertravel Limited and Griffon Hoverwork Limited. The assets of the scheme are held separately from those of the group. The group's contributions to the Hovertravel scheme are charged to the income statement so as to spread the cost of the pensions over the employees' working lives with the group.

A full actuarial valuation was carried out at 31 March 2020 by a qualified independent actuary.

The Hovertravel scheme was closed to new entrants and future accruals on 31 March 2004 and as a result the age profile of the active membership of the scheme is increasing. Consequently the current service cost under the projected unit method will increase as members of the scheme approach retirement.

29. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	**2,444,724**	3,632,888
Other finance costs	**57,677**	97,059
Actuarial (gains)/losses	**(8,368)**	(1,359,001)
Benefits paid	**(83,055)**	(76,222)
Past service cost	**-**	150,000
At the end of the year	**2,410,978**	2,444,724

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	**2,969,328**	2,930,342
Expected return on assets	**71,347**	79,710
Actuarial (losses)/gains	**(324,313)**	(86,063)
Contributions	**90,000**	120,000
Benefits paid	**(83,055)**	(76,253)
Expenses paid from scheme	**(396)**	1,592
At the end of the year	**2,722,911**	2,969,328

Composition of plan assets:

	2020 £	2019 £
Fair value of plan assets	**2,722,911**	2,969,328
Present value of plan liabilities	**(2,410,978)**	(2,444,724)
Net pension scheme liability	**311,933**	524,604

29. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest on obligation	(57,677)	(97,059)
Expected return on scheme assets	71,347	79,710
Past service cost	-	(150,000)
Total	13,670	(167,349)
Actual return on scheme assets	(252,966)	(6,353)

Reconciliation of fair value of plan liabilities were as follows:

	2020 £	2019 £
Opening defined benefit obligation	1,138,168	(231,829)
Interest cost	57,677	97,059
Actuarial gains and (losses)	315,945	1,272,938
Closing defined benefit obligation	1,511,790	1,138,168

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	688,023	(584,915)
Actuarial gains	(315,945)	1,272,938
	372,078	688,023

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £315,945 loss (2019 - £1,272,938 gain).

The Group expects to contribute £96,000 to its Defined benefit pension scheme in 2021.

29. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate	**2.3**	2.4
Price inflation (RPI)		-
Price inflation (CPI)	**2.1**	2.5
Future increases to pensions in deferment	**2.1**	2.5
Future increases to pensions in payment	**5.0**	5.0
Mortality Rate:		
- at 65 for a male aged 45 now	**88.2**	88.1

No employees of the parent company were members of the defined benefit scheme.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	**(2,410,978)**	(2,444,724)	(3,632,888)	(3,650,115)	(3,381,336)
Scheme assets	**2,722,911**	2,969,328	2,930,341	2,746,961	2,309,595
Surplus	**311,933**	524,604	(702,547)	(903,154)	(1,071,741)
Experience adjustments on scheme liabilities	**(64,507)**	3,933	22,388	19,020	32,331
Experience adjustments on scheme assets	**(324,313)**	(86,063)	50,341	287,961	(109,216)

30. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	**1,070,311**	1,060,860
Later than 1 year and not later than 5 years	**4,188,900**	4,137,116
Later than 5 years	**3,616,856**	4,629,731
	8,876,067	9,827,707

31. Related party transactions

Included within the profit and loss account are transactions with related parties, all of which are subsidiaries of Bland Group Holdings Limited, being the group's immediate parent company, with the exception of Orega (Management) Limited and Encombe Limited. Orega (Management) Limited is a company with which there is an agency agreement to administer and run serviced office space within a property owned by the Group. Encombe Limited is a company of which J P Gaggero is a director.

A summary of the transactions,and the balances with these related parties at 31 March 2020 are set out in the table below:

	2020 Turnover £	2019 Turnover £	2020 Balance £	2019 Balance £
Bland Group UK Holdings Ltd - Consolidated				
Bland Group Limited	**(435,879)**	(416,591)	**(2,245,626)**	(2,245,626)
Bland Group Holdings Limited	**3,058**	22,300	**(11,650,000)**	(9,112,199)
Rock Hotel Limited	**17,046**	12,113	**1,509**	771
Bland Limited	**66,717**	55,155	**7,060**	8,939
Orega (Management) Limited	**622,918**	713,469	**62,014**	94,085
Encombe Limited	**37,714**	32,421	**-**	24
	311,574	418,867	**(13,825,043)**	(11,254,006)

32. Controlling party

The directors consider the immediate parent undertaking of Bland Group UK Holdings Limited to be Bland Group Holdings Limited, a company registered in Guernsey, by virtue of it holding the entire allotted share capital of the company.

The directors consider the ultimate controlling party to be Jargo Holdings Limited, a company registered in Guernsey.

The smallest and largest group of undertakings, for which group accounts for the year ended 31 March 2020 have been drawn up, is that headed by Bland Group UK Holdings Limited.

The financial statements of both Bland Group Holdings Limited and Jargo Holdings Limited are not publicly available.