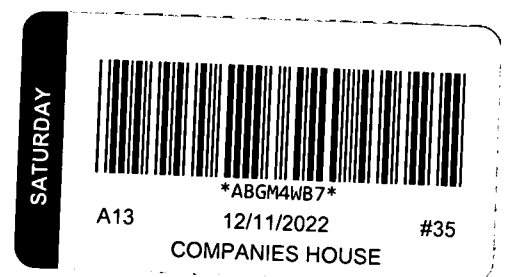


Registered number: 06433017

Bland Group UK Holdings Limited

Annual report and financial statements

For the year ended 31 March 2022



Bland Group UK Holdings Limited

Company Information

Directors

J P Gaggero
E L Howes
N J Gaggero
P Navas
S A Tomlinson

Company secretary

S A Tomlinson

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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Bland Group UK Holdings Limited

Group strategic report For the year ended 31 March 2022

Introduction

The directors present their strategic report for the year ended 31 March 2022.

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 saw spares and consultancy sales increased by 13% from 2021 to £7.6m for the year (2021 - £6.7m). Craft sales revenue of £0.1m was recognised in the year (2021 - £3m). However a significant order for the delivery of 3 large hovercraft was won in the period, to the value of £27.4m, which is to be recognised in 2022 and 2023. Gross margin remained consistent with previous years. During the year Griffon Hoverwork Limited moved its main operating site. This incurred a number of one off move costs which drove the increase in administration expenses in the year. Their new operating site based in Portchester is a smaller footprint than the previous site in Southampton, however it allows the business to remain self-sufficient going forwards, regardless of new craft sales volumes.

Airborne Representation Limited, which trades as Skybreak, had another difficult year, being hit hard with the impact of the coronavirus pandemic on the worldwide travel industry. Airborne Representation Limited continues to focus on diversification, offering new services and the continued development of the digitalisation and mobilisation of the business, enabling a more flexible and adaptive platform, whilst continuing to enjoy a strong and long term working partnership with Gatwick Airport Limited.

Hovertravel Limited continued its recovery throughout the financial year from the adverse impact of the COVID-19 pandemic. The craft reliability and the continual drive for a customer focussed, streamlined operation and the return of passenger's confidence led to an 83% increase in passenger numbers over the previous year. The corresponding increase in revenue, saw the company deliver a profit before tax of £16,070 compared to a budget loss of £713,476, and with total comprehensive income before tax being a loss of £187,786.

Bland (The Beehive) Limited, and the arrangement with Orega (Management) Limited, has seen a continued uptake in its shared services office spaces. The business performance remains positive, despite a lack of profit share return to the Group, whilst the company recovers from the impact of the COVID-19 pandemic.

Bland Group UK Holdings Limited

Group strategic report (continued) For the year ended 31 March 2022

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, all continue to work from home, with additional communication and cyber security measures implemented. Workshop production continued, with staff protected from cross infection by a strict set of COVID safe operating protocols derived from a thorough risk assessment that draws on, and is revised in line with each update of UK Government advice. 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 remained good through the pandemic, and are even stronger now that the world begins to emerge from it. A number of significant opportunities have now become orders and Griffon Hoverwork has seen multiple opportunities move to the later stages of the sales pipeline.

Airborne Representation Limited has been heavily impacted by the travel restrictions imposed during the COVID-19 pandemic. The flight only trading arm was discontinued in October 2020, to de-risk the business given the uncertainty in sourced flight capacity. Support staff have continued with 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 continue to be a priority.

Geopolitical risk

Due to the ongoing crisis in Ukraine and other factors, Griffon Hoverwork Limited is exposed to the growing costs of materials and shipping, in addition to extended lead times within their supply chain. Prices have been increased to reflect the increases in costs and UK inflation levels, with extensions applied to delivery deadlines within their customer contracts to reflect the delays within the supply chain. On occasions, where trade is with a country which is considered a high Geopolitical risk, UK Export Insurance Cover is undertaken to mitigate any government decision which may impact Griffon Hoverwork's ability to trade.

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. More specifically, a large order for the delivery of 3 x large hovercraft won in the year, due for delivery throughout 2022 and 2023. This contract was awarded in foreign currency. Griffon Hoverwork utilised forward option contracts to mitigate the currency risk.

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

Bland Group UK Holdings Limited

**Group strategic report (continued)
For the year ended 31 March 2022**

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 £59,635 (2021: £1,867,006 loss) which has been calculated as the operating loss for the period of £2,065,453 (2021: £3,971,202) before the deduction of amortisation £558,239 (2021: £604,459) and depreciation £1,566,849 (2021: £1,499,737).

Bland Group UK Holdings Limited

Group strategic report (continued) For the year ended 31 March 2022

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 its strategic projects, including commercial plans to ensure it is well placed to take advantage of changing travel patterns. This includes engagement with the DfT (Department for Transport), local councils and the Isle of Wight Transport Infrastructure Board. Safety of its customers and people 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. The business will continue to follow best practice and government guidelines to ensure the continued protection of both customers and its people from the wider health risks. The development of operational activities is key to ensuring the highest level of service, including a focus on the continuing development of services, ensuring that the accessibility needs of its customers are exceeded, whilst keeping them safe and secure. The relationship with the NHS for Rapid "off-Island" transfers for the IOW Ambulance Service, has seen steady growth throughout the year, and Hovertravel has been acknowledged as an essential element of their service. Commercially, the company is focused on the growth of passenger numbers, revenue and market share, and continually sourcing new revenue streams, whilst remaining committed to local communities & charities, Chamber of Commerce, and Tourism partnerships.

Gatwick's South Terminal re-opened in March, increasing passenger numbers. This has allowed Airborne Representation Limited to expand and extend its resources across both terminals, driving recovery and continued growth of the core business of flight sales and ancillary services to the general public. Airborne's consistent presence at Gatwick throughout the pandemic has allowed the business to remain relevant and adapt its range of services to meet passenger demand. This awareness and flexibility has enabled Airborne to adapt their product range to maximise earnings and meet changing passenger demand within the airport. This has included COVID compliance e.g. testing kits and PLF form completion and supporting passengers in major flight disruptions. This is continually monitored and evolves as demand changes. Airborne continues to expand their reach beyond Gatwick Airport, with the development of the Remote Passenger Services. Initially focused on a major UK airport, the business is now looking to extend its presence into other UK airports and will be working closely with airlines, handling agents and airports where they see a potentially high growth area. As we emerge from the impact of the pandemic and recover, Airborne has been actively recruiting to increase their resourcing levels. However, they have been faced with both recruitment and retention issues, which have challenged their ability to optimise revenue generating opportunities. Competition, particularly in the aviation sector has been fierce, and recruitment and retention initiatives offered by many major employers have been widely publicised. To ensure the business remains competitive and acquires the skillset to match demand, management continue to support and drive the focus on investing in their people. They have reviewed remuneration packages, staff welfare, training and benefits and, given the impact of wage inflation, cost of living increases and intense pressure on the sector, this area will remain under constant review. To ensure Airborne has a consistent approach in how they conduct business, the company will continue to develop its training academy and, where possible, to grow its personnel using an apprenticeship scheme. Whilst there is development of integrating a Global Distribution System (GDS) within the booking system in the next 12 months, the business aims to streamline the booking process and back-office functions further, to enable the customer experience to improve. Airborne will continue to engage with Gatwick Airport as they work towards securing their relationship beyond March 2023.

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.

Bland Group UK Holdings Limited

Group strategic report (continued) For the year ended 31 March 2022

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 £1,841,356 (2021 - £2,189,898). Included within creditors is an amount owed to parent undertakings of £21,077,957 (2021 - £15,188,514), 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 2027, which was prepared on a worst case basis. The scenarios assumed confirmed or recurring orders only for the period, together with significant property cost reductions at the new premises.

Over the past year, Airborne Representation Limited has seen a cautious approach to its recovery as they saw changes to travel restrictions with both the relaxation of travel requirements and further restrictions as new variants of COVID were seen. The measures to protect the business both over this time and for the future included:

- Recruitment of staff within the Sales team in readiness for the most recent lifting of travel restrictions and the re-opening of the South Terminal in March 2022, through both apprenticeships and Government Kickstart Scheme and also with recruits who have the suitable skillset for the business.
- Benchmarking of job roles to ensure retention of staff and remain competitive in local market.
- An internal training academy has been set up to ensure there is a consistent approach in operations.
- The business made minimal use of furlough as they managed operations on minimum staff numbers, whilst also being affected with COVID within the workforce.
- Introduced a pilot scheme for the RPS in late March 2022 with a dedicated infrastructure being in place.
- A continued drive to maintain both capital expenditure and operation costs to a minimum and help preserve cash.
- In order to protect margins and remain competitive against the transparent flight pricing on the internet, the business has sourced IT fares from alternative suppliers.
- An ATOL licence, based on lower volume of passengers, has been maintained to allow flexibility in selling products through packaging up flights with other components.

There now appears to be some stability within the airline industry in terms of the lifting of travel restrictions, but Airborne faces new challenges across the airline industry with labour shortages disrupting airline operations. Whilst the business can capitalise on such operational disruptions in terms of sales which has been seen in Q1, the business is not immune from the challenges faced in a tight labour market. The measures taken above will ensure they remain competitive in their remuneration to retain staff and attract new personnel with the necessary skillset as the sales force is expanded. With the improving trading environment, cashflows have started to improve and the business anticipates a 75% recovery rate in sales to March 23, and returning to an operational profit within this time. Regular cashflow forecasts continue to be provided to the Board of Directors to ensure obligations are met, as funding requirements from the parent company, Bland Group UK Holdings Limited, are still required over Winter 22 before the business will be in a position to make repayments from March 23. There remain no external loans within the business. The parent company has confirmed it will provide continuing financial support for a period of not less than 12 months. To support the assessment of Going Concern, the Board receive regular trading updates with monthly reforecasts as the business works through the recovery, gaining more tangible knowledge of the positive impact of the Remote Passenger Service and also reflect any inflationary costs they are seeing to the business. The Board are also regularly updated regarding the human resources challenges that are faced and the proactive steps being taken to secure its required labour force. Management continues to regularly review its Risks and Opportunities Register and reflects the changes they are seeing to the business. The business is seeing higher volumes of it receipts being collected at the time of booking by card, and it continues to benefit from no deferment on settlement from the card acquirer. On the supply side, it continues to rely upon flight purchases using IATA Bank Settlement Plan. IATA have relaxed its financial requirements throughout COVID, but these will be subject to annual reviews and are subject to change. Airborne is however, seeking alternative suppliers to both mitigate the risk of using BSP and to attract improved airfares to protect margins. A review on the desk licence is due for renewal within the next 12 months and Airborne will be working with it's airport partner to secure the business for a further period.

Bland Group UK Holdings Limited**Group strategic report (continued)
For the year ended 31 March 2022****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. As full operations resumed, the business has seen a steady improvement in the recovery rate, with passenger numbers continuing to climb during the first half of 2022. EBITDA for the full year ending 31 March 2023 is currently forecast to be a profit of £1.4m (compared with the budget of £1.3m). The business has continued to benefit from the strategic review recently carried out with the streamlining of operations and corresponding reduction in the cost base. Continued investment to make further enhancements in its technology will bring further efficiencies and improvements to the current forecast. The business is also continuing with, and promoting, its online sales portal, enhancing its online presence, in a bid to increase advance sales. This saw 65% of general tickets being generated through the online portal in March 2022, with a target level 85-90% within a year. The introduction of new, higher priced but more flexible travel cards have proved to be very popular with regular travellers, suiting the new normal hybrid working patterns. 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 2022, both are being met. The directors are in communication with their lenders and bankers, with both having a high level of comfort in the ongoing position of Hovertravel. The directors believe that, even with the wider economic environment associated with the increasing global uncertainty, the business is adapting to meet the expected changes in market demand and identifying new revenue streams.

The COVID-19 pandemic continues to have an impact on Bland (The Beehive) Limited, although the occupancy level of the serviced offices are steadily increasing to pre-COVID levels. 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 Orega (Management) Limited, but they are anticipating a certain degree of non-payment as the situation continues and businesses have cashflow issues. The direct impact on Bland (The Beehive) Limited is that, Orega (Management) Limited were once again not in a position to pay the full targeted base rent return due to Bland (The Beehive) Limited for the year and there was no profit share. This is also anticipated to be the outcome for the year ending 31 March 2023. 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 assessed 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 4/11/2022

and signed on its behalf.

James Gaggero

J P Gaggero
Director

Bland Group UK Holdings Limited

Directors' report For the year ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

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 £2,190,522 (2021 - loss £4,361,268).

There were no dividends recommended in the year (2021 - £nil).

Directors

The directors who served during the year were:

J P Gaggero
E L Howes
N J Gaggero
P Navas
S A Tomlinson

Bland Group UK Holdings Limited**Directors' report (continued)
For the year ended 31 March 2022****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. Having undertaken significant customer research and market analysis it was identified that the most significant gap in Griffon Hoverwork's product offering was at the small scale craft range. More particularly a series of characteristics were identified by users of the 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. It is therefore unsurprising that this constitutes the largest R and D spend in the company's history.

The other project, 12000TD, was designed as the replacement craft to the AP188 craft previously 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 £15,000 (2021 - £nil) have been capitalised during the year, and the net book value of capitalised development costs at 31 March 2022 is £2,256,709 (2021 - £2,399,613).

Qualifying third party indemnity provisions

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Group.

Matters covered in the Group strategic report

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

Bland Group UK Holdings Limited

**Directors' report (continued)
For the year ended 31 March 2022**

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

There have been no other significant events affecting the Group since the year end.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4/11/2022 and signed on its behalf.

James Gaggero

J P Gaggero
Director

Bland Group UK Holdings Limited

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 2022, 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 2022 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.

Bland Group UK Holdings Limited**Independent auditors' report to the members of Bland Group UK Holdings Limited (continued)****Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Bland Group UK Holdings Limited

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, 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.

Bland Group UK Holdings Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The engagement teams understanding of the legal and regulatory framework and which laws and regulations the engagement team identified as being significant in the context of the entity

The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, to understand these:

- We enquired of management, and those charged with governance, concerning the Company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006).

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Bland Group UK Holdings Limited

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

The engagement team's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries, with a focus on material manual journals, including those with unusual account combinations
 - the accuracy and occurrence of revenue
 - potential management bias in determining significant judgements and estimates
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - identifying unusual or high risk journals to investigate and verify;
 - vouching the occurrence of revenue to supporting evidence and performing analytical review of sales by month to identify any usual trends
 - Review and testing of revenue recognition policies, against the group's accounting policies as stated in the financial statements, ensuring consistency across the group.
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the entity operates; and
 - understanding of the legal and regulatory requirements specific to the entity.

Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team

- We did not identify any matters relating to non-compliance with laws and regulation and fraud.

Bland Group UK Holdings Limited

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

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: 4/11/2022

Bland Group UK Holdings Limited**Consolidated statement of comprehensive income
For the year ended 31 March 2022**

	Note	2022 £	As restated 2021 £
Turnover	4	14,263,108	12,989,822
Cost of sales		(11,222,669)	(11,477,498)
Gross profit		3,040,439	1,512,324
Administrative expenses		(6,414,650)	(6,681,755)
Other operating income	5	89,839	1,462,318
Exceptional administrative expenses	14	(55,000)	(381,266)
Fair value movements		1,273,919	156,649
Operating loss	6	(2,065,453)	(3,931,730)
Interest receivable and similar income	10	321	23,723
Interest payable and similar expenses	11	(73,407)	(140,778)
Other finance income	12	11,981	8,532
Loss before taxation		(2,126,558)	(4,040,253)
Tax on loss	13	(63,964)	(321,015)
Loss for the financial year		(2,190,522)	(4,361,268)
Actuarial (losses) gains on defined benefit pension scheme		(203,856)	144,481
Other comprehensive income for the year		(203,856)	144,481
Total comprehensive income for the year		(2,394,378)	(4,216,787)
(Loss) for the year attributable to:			
Owners of the parent Company		(2,190,522)	(4,361,268)
		(2,190,522)	(4,361,268)

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited
Registered number: 06433017

Consolidated statement of financial position
As at 31 March 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible assets	15	2,715,904	3,214,713
Tangible assets	16	5,324,924	6,329,511
Investments	17	5,519	5,519
		<u>8,046,347</u>	<u>9,549,743</u>
Current assets			
Stocks	18	8,398,197	6,536,572
Debtors: amounts falling due after one year	19	41,989	-
Debtors: amounts falling due within one year	19	18,936,942	6,518,825
Cash at bank and in hand	20	4,368,988	3,502,858
		<u>31,746,116</u>	<u>16,558,255</u>
Creditors: amounts falling due within one year	21	<u>(13,154,577)</u>	<u>(6,262,497)</u>
Net current assets		<u>18,591,539</u>	<u>10,295,758</u>
Total assets less current liabilities		<u>26,637,886</u>	<u>19,845,501</u>
Creditors: amounts falling due after one year	22	(20,177,136)	(11,141,667)
Provisions for liabilities			
Dilapidation provision	26	(355,000)	(300,000)
Net assets excluding pension asset		<u>6,105,750</u>	<u>8,403,834</u>
Pension asset	32	486,301	582,595
Net assets		<u><u>6,592,051</u></u>	<u><u>8,986,429</u></u>
Capital and reserves			
Called up share capital	27	15,304,430	15,304,430
Capital redemption reserve	28	1,213,310	1,213,310
Merger reserve	28	1,863,003	1,863,003
Profit and loss account	28	(11,788,692)	(9,394,314)
Equity attributable to owners of the parent Company		<u><u>6,592,051</u></u>	<u><u>8,986,429</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/11/2022

J P Gaggero *James Gaggero*
Director

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited
Registered number: 06433017

Company statement of financial position
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	15	15,750	15,750
Tangible assets	16	1,235	1,318
Investments	17	4,770,296	4,770,296
		<u>4,787,281</u>	<u>4,787,364</u>
Current assets			
Debtors: amounts falling due after more than one year	19	21,077,957	15,188,514
Debtors: amounts falling due within one year	19	7,232,785	3,609,053
Cash at bank and in hand	20	628,650	2,218,635
		<u>28,939,392</u>	<u>21,016,202</u>
Creditors: amounts falling due within one year	21	(474,438)	(59,375)
Net current assets		<u>28,464,954</u>	<u>20,956,827</u>
Total assets less current liabilities		<u>33,252,235</u>	<u>25,744,191</u>
Creditors: amounts falling due after more than one year	22	(17,100,000)	(10,000,000)
Net assets		<u><u>16,152,235</u></u>	<u><u>15,744,191</u></u>
Capital and reserves			
Called up share capital	27	15,304,430	15,304,430
Profit and loss account	28	847,805	439,761
		<u><u>16,152,235</u></u>	<u><u>15,744,191</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/11/2022

James Gaggero

J P Gaggero
Director

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited

Consolidated statement of changes in equity
For the year ended 31 March 2022

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2021	15,304,430	1,213,310	1,863,003	(9,394,314)	8,986,429
Comprehensive income for the year					
Loss for the year	-	-	-	(2,190,522)	(2,190,522)
Actuarial losses on pension scheme	-	-	-	(203,856)	(203,856)
Other comprehensive income for the year	-	-	-	(203,856)	(203,856)
Total comprehensive income for the year	-	-	-	(2,394,378)	(2,394,378)
At 31 March 2022	15,304,430	1,213,310	1,863,003	(11,788,692)	6,592,051

Consolidated statement of changes in equity
For the year ended 31 March 2021

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	15,304,430	1,213,310	1,863,003	(5,177,527)	13,203,216
Comprehensive income for the year					
Loss for the year	-	-	-	(4,361,268)	(4,361,268)
Actuarial gains on pension scheme	-	-	-	144,481	144,481
Other comprehensive income for the year	-	-	-	144,481	144,481
Total comprehensive income for the year	-	-	-	(4,216,787)	(4,216,787)
At 31 March 2021	15,304,430	1,213,310	1,863,003	(9,394,314)	8,986,429

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited**Company statement of changes in equity
For the year ended 31 March 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	15,304,430	439,761	15,744,191
Comprehensive income for the year			
Profit for the year	-	408,044	408,044
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	408,044	408,044
At 31 March 2022	15,304,430	847,805	16,152,235

**Company statement of changes in equity
For the year ended 31 March 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	15,304,430	354,134	15,658,564
Comprehensive income for the year			
Profit for the year	-	85,627	85,627
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	85,627	85,627
At 31 March 2021	15,304,430	439,761	15,744,191

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited**Consolidated statement of cash flows
For the year ended 31 March 2022**

	2022 £	As restated 2021 £
Cash flows from operating activities		
Loss for the financial year	(2,190,522)	(4,361,268)
Adjustments for:		
Amortisation of intangible assets	558,239	604,459
Depreciation of tangible assets	1,566,849	1,499,737
Loss on disposal of tangible assets	(167,434)	1,914
Government grants	(44,579)	(1,386,829)
Interest paid	73,407	140,778
Interest received	(321)	(23,723)
Taxation charge	63,964	321,015
(Increase)/decrease in stocks	(1,861,625)	141,876
(Increase)/decrease in debtors	(9,659,175)	6,091,099
(Increase) in amounts owed by joint ventures	(197,047)	(53,965)
Increase/(decrease) in creditors	7,813,085	(2,434,390)
Increase/(decrease) in amounts owed to groups	7,368,195	(2,795,626)
Increase in provisions	55,000	300,000
(Decrease) in net pension assets/liabs	(107,562)	(126,181)
(Increase)/decrease in fair value of financial instrument assets	(1,273,919)	(156,649)
Net cash generated from operating activities	1,996,555	(2,237,753)
Cash flows from investing activities		
Purchase of intangible fixed assets	(59,430)	(66,678)
Sale of intangible assets	-	31,087
Purchase of tangible fixed assets	(1,188,086)	(778,136)
Sale of tangible fixed assets	793,258	-
Government grants received	44,579	1,386,829
Interest received	321	23,723
Net cash from investing activities	(409,358)	596,825

Bland Group UK Holdings Limited**Consolidated statement of cash flows (continued)
For the year ended 31 March 2022**

	2022	As restated
	£	2021
		£
Cash flows from financing activities		
New secured loans	-	16,900
Repayment of loans	(480,993)	-
Repayment of other loans	(166,667)	-
Interest paid	(73,407)	(140,778)
Net cash used in financing activities	(721,067)	(123,878)
Net increase/(decrease) in cash and cash equivalents	866,130	(1,764,806)
Cash and cash equivalents at beginning of year	3,502,858	5,267,664
Cash and cash equivalents at the end of year	4,368,988	3,502,858
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,368,988	3,502,858
	4,368,988	3,502,858

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited**Consolidated Analysis of Net Debt
For the year ended 31 March 2022**

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand	3,502,858	866,130	-	4,368,988
Debt due after 1 year	(41,667)	(1,667,274)	-	(1,708,941)
Debt due within 1 year	(2,854,260)	2,314,934	-	(539,326)
Financial instruments	-	-	1,200,859	1,200,859
	606,931	1,513,790	1,200,859	3,321,580

The notes on pages 24 to 60 form part of these financial statements.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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.

An exemption has been taken in presenting the unconsolidated statement of comprehensive income under section 408 of the Companies Act 2006.

Bland Group UK Holdings Limited

**Notes to the financial statements
For the year ended 31 March 2022**

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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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 £1,841,356 (2021 - £2,189,898). Included within creditors is an amount owed to parent undertakings of £21,077,957 (2021 - £15,188,514), 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 2027, which was prepared on a worst case basis. The scenarios assumed confirmed or recurring orders only for the period, together with significant property cost reductions at the new premises.

Over the past year, Airborne Representation Limited has seen a cautious approach to its recovery as they saw changes to travel restrictions with both the relaxation of travel requirements and further restrictions as new variants of COVID were seen. The measures to protect the business both over this time and for the future included:

- Recruitment of staff within the Sales team in readiness for the most recent lifting of travel restrictions and the re-opening of the South Terminal in March 2022, through both apprenticeships and Government Kickstart Scheme and also with recruits who have the suitable skillset for the business.
- Benchmarking of job roles to ensure retention of staff and remain competitive in local market.
- An internal training academy has been set up to ensure there is a consistent approach in operations.
- The business made minimal use of furlough as they managed operations on minimum staff numbers, whilst also being affected with COVID within the workforce.
- Introduced a pilot scheme for the RPS in late March 2022 with a dedicated infrastructure being in place.
- A continued drive to maintain both capital expenditure and operation costs to a minimum and help preserve cash.
- In order to protect margins and remain competitive against the transparent flight pricing on the internet, the business has sourced IT fares from alternative suppliers.
- An ATOL licence, based on lower volume of passengers, has been maintained to allow flexibility in selling products through packaging up flights with other components.

There now appears to be some stability within the airline industry in terms of the lifting of travel restrictions, but Airborne faces new challenges across the airline industry with labour shortages disrupting airline operations. Whilst the business can capitalise on such operational disruptions in terms of sales which has been seen in Q1, the business is not immune from the challenges faced in a tight labour market. The measures taken above will ensure they remain competitive in their remuneration to retain staff and attract new personnel with the necessary skillset as the sales force is expanded. With the improving trading environment, cashflows have started to improve and the business anticipates a 75% recovery rate in sales to March 23, and returning to an operational profit within this time. Regular cashflow forecasts continue to be provided to the Board of Directors to ensure obligations are met, as funding requirements from the parent company, Bland Group UK Holdings Limited, are still required over Winter 22 before the business will be in a position to make repayments from March 23. There remain no external loans within the business. The parent company has confirmed it will provide continuing financial support for a period of not less than 12 months. To support the assessment of Going Concern, the Board receive regular trading updates with monthly reforecasts as the business works through the recovery, gaining more tangible knowledge of the positive impact of the Remote Passenger Service and also reflect any inflationary costs they are seeing to the business. The Board are also regularly updated regarding the human resources challenges that are faced and the proactive steps being taken to secure its required labour force. Management continues to regularly review its Risks and Opportunities Register and

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

2. Accounting policies (continued)

2.4 Going concern (continued)

reflects the changes they are seeing to the business. The business is seeing higher volumes of it receipts being collected at the time of booking by card, and it continues to benefit from no deferment on settlement from the card acquirer. On the supply side, it continues to rely upon flight purchases using IATA Bank Settlement Plan. IATA have relaxed its financial requirements throughout COVID, but these will be subject to annual reviews and are subject to change. Airborne is however, seeking alternative suppliers to both mitigate the risk of using BSP and to attract improved airfares to protect margins. A review on the desk licence is due for renewal within the next 12 months and Airborne will be working with it's airport partner to secure the business for a further period.

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. As full operations resumed, the business has seen a steady improvement in the recovery rate, with passenger numbers continuing to climb during the first half of 2022. EBITDA for the full year ending 31 March 2023 is currently forecast to be a profit of £1.4m (compared with the budget of £1.3m). The business has continued to benefit from the strategic review recently carried out with the streamlining of operations and corresponding reduction in the cost base. Continued investment to make further enhancements in its technology will bring further efficiencies and improvements to the current forecast. The business is also continuing with, and promoting, its online sales portal, enhancing its online presence, in a bid to increase advance sales. This saw 65% of general tickets being generated through the online portal in March 2022, with a target level 85-90% within a year. The introduction of new, higher priced but more flexible travel cards have proved to be very popular with regular travellers, suiting the new normal hybrid working patterns. 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 2022, both are being met. The directors are in communication with their lenders and bankers, with both having a high level of comfort in the ongoing position of Hovertravel. The directors believe that, even with the wider economic environment associated with the increasing global uncertainty, the business is adapting to meet the expected changes in market demand and identifying new revenue streams.

The COVID-19 pandemic continues to have an impact on Bland (The Beehive) Limited, although the occupancy level of the serviced offices are steadily increasing to pre-COVID levels. 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, Orgea (Management) Limited were once again not in a position to pay the full targeted base rent return due to Bland (The Beehive) Limited for the year and there was no profit share. This is also anticipated to be the outcome for the year ending 31 March 2023. 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 assessed 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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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.

When acting as an agent, revenue is recognised when the goods have been dispatched or services fulfilled, with revenue and the associated costs included within the statement of comprehensive income.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

2. Accounting policies (continued)

2.5 Revenue (continued)

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 and flexi 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 and flexi tickets is deferred within liabilities and recognised in the statement of comprehensive income over the period covered by the relevant ticket.

Revenue arising on freight and delivery is recognised on the date of transit. Revenue arising from other ancillary 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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

Two grants, relating to capital works and amounting to £212,354, were received by Hovertravel Limited during the year. This income has been deferred, and is being released to the profit and loss over 3 years, in line with the related depreciation charge.

2.17 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'.

2.18 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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

2. Accounting policies (continued)

2.19 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'.

2.20 Interest income

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

2.21 Borrowing costs

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

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

2. Accounting policies (continued)

2.22 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 reporting 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.

2.23 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 reporting 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.

2.24 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.

Bland Group UK Holdings Limited

Notes to the financial statements For the year ended 31 March 2022

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 its 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 was taken to no longer recognise the deferred tax asset held by Airborne Representation Limited and this was fully removed in the year ending 31 March 2021.

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.

At Griffon Hoverwork Limited, no impairment loss due to slow-moving or obsolete stock was recognised in cost of sales against stock during the year. All stock recognised in the balance sheet is in use or in adequate condition for resale.

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 historical experience and other reasonable factors.

The group uses long term contract accounting for valuing work completed on crafts in build across 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.

In managing Hovertravel Limited's exposure to fuel price fluctuations, a forward hedge position is taken out to reduce the risk of adverse pricing movements. The size of the hedge is a percentage of the forecast fuel utilisation over the period covered, and is based on historic experience of usage and other reasonable factors. The value of the hedge agreements is recognised in the accounts.

In order to mitigate the exposure to adverse currency fluctuations on the large contract which was awarded in foreign currency, Griffon Hoverwork Limited has taken out forward contracts, based on the expected values and timings of future receipts of cash.

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 £2,256,709 (2021 - £2,399,613).

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****3. Judgments in applying accounting policies (continued)****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.

4. Turnover

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

	2022 £	2021 £
Travel and tourism	6,866,156	3,718,142
Engineering and manufacturing	6,907,381	8,817,109
Other	489,571	454,571
	<u>14,263,108</u>	<u>12,989,822</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	9,687,204	5,886,122
North America	666,128	384,335
Rest of the World	3,909,776	6,719,365
	<u>14,263,108</u>	<u>12,989,822</u>

5. Other operating income

	2022 £	2021 £
Net rents receivable	45,260	75,489
Government grants receivable	44,579	1,386,829
	<u>89,839</u>	<u>1,462,318</u>

There are no unfulfilled conditions or other contingencies attached to the grant income.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****6. Operating loss**

The operating loss is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	1,628	-
Exchange differences	(13,277)	88,436
Other operating lease rentals	945,361	1,054,289
Profit on disposal of fixed assets	(167,434)	-
Depreciation of tangible fixed assets	1,566,849	1,499,737
Amortisation of intangible assets, including goodwill	558,239	604,459
Defined contribution pension cost	311,895	281,502
Defined benefit pension cost	(29,708)	(9,104)
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	92,250	83,000
	<u>92,250</u>	<u>83,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	15,675	15,399
All other taxation advisory services	9,240	9,013
All non audit services not covered above	16,296	20,364
	<u>41,211</u>	<u>44,776</u>

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****8. Employees**

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,428,162	6,545,681	357,134	312,649
Social security costs	545,216	606,701	44,227	38,775
Cost of defined benefit scheme	(29,708)	(9,104)	-	-
Cost of defined contribution scheme	311,895	281,502	12,288	10,977
	<u>6,255,565</u>	<u>7,424,780</u>	<u>413,649</u>	<u>362,401</u>

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

	2022 No.	2021 No.
Hovercraft operation	46	51
Engineering and manufacturing	40	69
Sales and administration	84	94
	<u>170</u>	<u>214</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	326,741	258,390
	<u>326,741</u>	<u>258,390</u>

During the year retirement benefits were accruing to 2 directors (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,000 (2021 - £150,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****10. Interest receivable**

	2022 £	2021 £
Bank interest receivable	321	23,723
	<u>321</u>	<u>23,723</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	73,407	85,432
Loans from group undertakings	-	55,346
	<u>73,407</u>	<u>140,778</u>

12. Other finance costs

	2022 £	2021 £
Expected return on scheme assets	131,377	149,655
Net interest on net defined benefit liability	(119,396)	(141,123)
	<u>11,981</u>	<u>8,532</u>

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****13. Taxation**

	2022 £	2021 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	148,196	321,015
Effect of tax rate change on opening balance	(35,566)	-
Prior period adjustment	(48,666)	-
Total deferred tax	63,964	321,015
Taxation on profit on ordinary activities	63,964	321,015

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(2,126,558)	(4,040,253)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(404,046)	(767,648)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55,298	58,830
Capital allowances for year in excess of depreciation	33,174	11,415
Adjustments to amounts brought forward	-	(1,267)
Amounts charged directly to equity	(38,733)	27,451
Adjustments to tax charge in respect of previous periods - deferred tax	(48,666)	-
Remeasurement of deferred tax for changes in tax rates	(1,156,955)	-
Movement in deferred tax not recognised	1,521,111	903,308
Other differences leading to an increase (decrease) in the tax charge	1	(7,498)
Group relief	101,309	96,491
Other permanent differences	1,471	(67)
Total tax charge for the year	63,964	321,015

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****13. Taxation (continued)****Factors that may affect future tax charges**

Deferred tax has been provided for at 25% (2021: 25%), being the future rate (substantively enacted in legislation) of tax applicable to taxable profits against which the deferred tax balance may be unwound. An increase of the corporation tax rate to 25% was announced in the Spring Budget 2021. This rate rise is expected to be effective from April 2023. The impact of the deferred tax liability as a result of the rate change is not considered to be material.

14. Exceptional items

	2022 £	2021 £
Redundancy costs due to the impact of the COVID-19 pandemic	-	81,266
Dilapidations provision	55,000	300,000
	<u>55,000</u>	<u>381,266</u>

Bland Group UK Holdings Limited

Notes to the financial statements
For the year ended 31 March 2022

15. Intangible assets

Group

	Software £	Develop't costs £	Intellectual Property £	Goodwill £	Total £
Cost					
At 1 April 2021	1,042,962	3,155,580	51,931	20,274,152	24,524,625
Additions	44,430	15,000	-	-	59,430
At 31 March 2022	<u>1,087,392</u>	<u>3,170,580</u>	<u>51,931</u>	<u>20,274,152</u>	<u>24,584,055</u>
Amortisation					
At 1 April 2021	506,135	755,967	13,487	20,034,323	21,309,912
Charge for the year on owned assets	158,697	157,904	1,809	239,829	558,239
At 31 March 2022	<u>664,832</u>	<u>913,871</u>	<u>15,296</u>	<u>20,274,152</u>	<u>21,868,151</u>
Net book value					
At 31 March 2022	<u>422,560</u>	<u>2,256,709</u>	<u>36,635</u>	<u>-</u>	<u>2,715,904</u>
At 31 March 2021	<u>536,827</u>	<u>2,399,613</u>	<u>38,444</u>	<u>239,829</u>	<u>3,214,713</u>

All amortisation charges are included within administrative expenses in the consolidated statement of comprehensive income.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****15. Intangible assets (continued)****Company**

	Intellectual Property £
Cost	
At 1 April 2021	15,750
	<hr/>
At 31 March 2022	15,750
	<hr/>
Net book value	
At 31 March 2022	15,750
	<hr/> <hr/>
At 31 March 2021	15,750
	<hr/> <hr/>

Bland Group UK Holdings Limited

Notes to the financial statements
For the year ended 31 March 2022

16. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Hovercraft £	Office equipment £	Total £
Cost or valuation						
At 1 April 2021	4,497,404	1,571,504	60,655	11,626,581	1,047,350	18,803,494
Additions	470,144	4,700	-	619,310	93,932	1,188,086
Disposals	(792,862)	(118,424)	-	(3,655,012)	(151,853)	(4,718,151)
At 31 March 2022	4,174,686	1,457,780	60,655	8,590,879	989,429	15,273,429
Depreciation						
At 1 April 2021	3,241,007	1,286,844	46,296	6,995,942	903,894	12,473,983
Charge for the year on owned assets	116,862	150,894	3,794	1,245,355	49,944	1,566,849
Disposals	(521,449)	(118,141)	-	(3,325,727)	(127,010)	(4,092,327)
At 31 March 2022	2,836,420	1,319,597	50,090	4,915,570	826,828	9,948,505
Net book value						
At 31 March 2022	1,338,266	138,183	10,565	3,675,309	162,601	5,324,924
At 31 March 2021	1,256,397	284,660	14,359	4,630,639	143,456	6,329,511

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Freehold	232,581	-
Long leasehold	1,105,685	1,256,397
	1,338,266	1,256,397

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****16. Tangible fixed assets (continued)****Company**

	Office equipment £
Cost or valuation	
At 1 April 2021	111,696
Additions	670
Disposals	(906)
At 31 March 2022	<u>111,460</u>
Depreciation	
At 1 April 2021	110,378
Charge for the year on owned assets	545
Disposals	(698)
At 31 March 2022	<u>110,225</u>
Net book value	
At 31 March 2022	<u><u>1,235</u></u>
At 31 March 2021	<u><u>1,318</u></u>

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****17. Fixed asset investments****Group**

	Investment in joint ventures £
Cost or valuation	
At 1 April 2021	5,519
	<hr/>
At 31 March 2022	5,519
Net book value	
At 31 March 2022	5,519
	<hr/> <hr/>
At 31 March 2021	5,519
	<hr/> <hr/>

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.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****17. Fixed asset investments (continued)****Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	30,679,979
At 31 March 2022	<u>30,679,979</u>
Impairment	
At 1 April 2021	25,909,683
At 31 March 2022	<u>25,909,683</u>
Net book value	
At 31 March 2022	<u><u>4,770,296</u></u>
At 31 March 2021	<u><u>4,770,296</u></u>

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, and are included within the consolidation:

Name	Registered office	Class of shares	Holding
Airborne Representation Limited	Encombe House, Wareham, Dorset	Ordinary	100%
Mistycraft Limited	Encombe House, Wareham, Dorset	Ordinary	100%
Hovertravel Limited	Encombe House, Wareham, Dorset	Ordinary	100%
Bland (The Beehive) Limited	Encombe House, Wareham, Dorset	Ordinary	100%
Griffon Hoverwork Limited	8 Hazel Road, Woolston, Southampton	Ordinary	100%

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****18. Stocks**

	Group 2022 £	Group 2021 £
Raw materials and consumables	538,575	754,018
Finished goods and goods for resale	38,430	29,981
Long-term contract balances	7,821,192	5,752,573
	<u>8,398,197</u>	<u>6,536,572</u>

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

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****19. Debtors**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Amounts owed by group undertakings	-	-	21,077,957	15,188,514
Financial instruments (after 1 yr)	41,989	-	-	-
	41,989	-	21,077,957	15,188,514
	Group 2022 £	Group As restated 2021 £	Company 2022 £	Company As restated 2021 £
Due within one year				
Trade debtors	4,048,955	2,427,788	29,656	12,325
Amounts owed by group undertakings	-	-	2,250,739	1,152,566
Amounts owed by joint ventures and associated undertakings	313,032	115,985	-	-
Other debtors	12,151,384	3,566,465	4,936,086	2,366,206
Prepayments and accrued income	1,222,712	344,623	16,304	14,153
Deferred taxation	-	63,964	-	63,803
Financial instruments	1,200,859	-	-	-
	18,936,942	6,518,825	7,232,785	3,609,053

Amounts owed by group undertakings includes a loan of £21,077,957 (2021 - £15,188,514) 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. 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 £9,946,293 (2021 - £2,243,998) held by Lloyds Bank and RBS as guarantee deposits. These include cash collateral for a £5,000,000 Advance Payment Bond and £2,850,000 Performance Bond for the long term contract signed by Griffon Hoverwork in the year. The £2,850,000 cash deposit forms part of a £6m guarantee from Bland Group UK Holdings Ltd, in favour of Griffon Hoverwork Ltd, supported by legal charges on certain bank accounts (also in the name of Bland Group UK Holdings Ltd).

Financial instruments comprise of forward contracts for foreign currency at Griffon Hoverwork Ltd and fuel at Hovertravel Ltd, in order to mitigate currency risk and price movements.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****20. Cash and cash equivalents**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	4,368,988	3,502,858	628,650	2,218,635
	4,368,988	3,502,858	628,650	2,218,635

21. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	497,660	2,687,594	-	-
Other loans	41,666	166,666	-	-
Payments received on account	8,289,653	807,384	-	-
Trade creditors	1,300,792	658,572	430,040	9,843
Amounts owed to group undertakings	-	-	324	98
Other taxation and social security	156,366	153,180	11,427	22,294
Other creditors	60,787	154,358	-	-
Accruals and deferred income	2,807,653	1,603,672	32,647	27,140
Financial instruments	-	31,071	-	-
	13,154,577	6,262,497	474,438	59,375

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, which have a carrying value of £5,964,216. A six month capital and interest repayment holiday was taken on both loans in May 2020, with revisions to the monthly repayments thereafter, and the loans then extended for a further six month period. Loan A is now of 7.5 years duration, at a fixed rate of 3.34%. Monthly repayments are now £23,602.22, with a balloon payment of £698,602 due in October 2023. Loan B is now of 7.5 years duration, at a fixed rate of 2.87%. Monthly repayments are now £22,870.27, with a balloon payment of £697,870 due in April 2024.

The bank loans are subject to two financial covenants including EBITDA to Debt Service and a loan to craft value. With no breach of the EBITDA to Debt Service covenant at 31 March 2022 (and no further breaches forecast), the loans can now be reclassified to the periods in which they fall due.

A Coronavirus Business Interruption Loan (CBIL) of £250,000 was provided to Hovertravel Limited by Barclays in June 2020, with Government-backed security. Interest is charged at 4.25%, with costs for the first year being met by the government. Six repayments of £41,667 every three months commenced in April 2021.

In the year the group has utilised a contract financing facility 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.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****22. Creditors: Amounts falling due after more than one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	1,708,941	-	-	-
Coronavirus Business Interruption Loan	-	41,667	-	-
Amounts owed to group undertakings	18,468,195	11,100,000	17,100,000	10,000,000
	20,177,136	11,141,667	17,100,000	10,000,000

Amounts owed to group undertakings includes loans amounting to £18,468,195 (2021 - £11,100,000), repayable on demand. However, the directors of the group undertakings have confirmed that repayment will not be due within 12 months from signing. There were no other terms or conditions attached to the loans.

23. Loans

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	497,660	2,687,594
Coronavirus Business Interruption Loan	41,666	166,666
	539,326	2,854,260
Amounts falling due 1-2 years		
Bank loans	1,708,941	-
Coronavirus Business Interruption Loan	-	41,667
	1,708,941	41,667
	2,248,267	2,895,927

The EBITDA to Debt Service covenant on the loan provided by Barclays Bank PLC to Hovertravel Limited was breached at 31 March 2021, requiring that the full loan balance be disclosed at that time as falling due within one year.

The carrying amount of the related loans payable at the reporting date amounted to £2,206,601.

The forecasts show that there are no longer expected to be any breaches of the covenants within the foreseeable future, and Barclays Bank PLC has now removed the company from 'Special Arrangements'.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****24. Financial instruments**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets measured at fair value through profit or loss	5,611,836	3,502,858	628,650	2,218,635
Financial assets that are debt instruments measured at amortised cost	16,513,371	6,110,238	28,294,438	18,719,611
	<u>22,125,207</u>	<u>9,613,096</u>	<u>28,923,088</u>	<u>20,938,246</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(31,071)	-	-
Financial liabilities measured at amortised cost	(24,885,694)	(16,412,529)	-	-
	<u>(24,885,694)</u>	<u>(16,443,600)</u>	<u>-</u>	<u>-</u>

Financial assets measured at fair value through income statement comprise cash at bank and in hand and forward foreign currency and fuel contracts. The forward contracts are not traded on active markets. These have been fair valued by the banks issuing the contracts, using observable forward exchange rates and interest rates which correspond to the maturity of the 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.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****25. Deferred taxation****Group**

	2022 £
At beginning of year	63,964
Charged to profit or loss	(63,964)
At end of year	-

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	-	29,993	-	29,993
Tax losses	-	33,971	-	33,810
	<u>-</u>	<u>63,964</u>	<u>-</u>	<u>63,803</u>

There are tax losses available to carry forward against future trading profits of approximately £11,198,503 (2021 - £10,559,043). A deferred tax asset has no longer been recognised in the accounts as the timing of suitable future profits from which the future reversal of the underlying timing differences can be deducted cannot be assessed with sufficient certainty.

26. Provisions**Group**

	Dilapidation provision £
At 1 April 2021	300,000
Charged to profit or loss	55,000
At 31 March 2022	355,000

A provision of £355,000 (2021 - £300,000) relating to dilapidation expenses falling due to the landlord upon Griffon Hoverwork Limited vacating their premises in December 2021.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****27. Share capital**

	2022	2021
	£	£
Allotted, called up and fully paid		
15,304,430 (2021 - 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.

28. 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.

29. Prior year adjustment

A prior year adjustment of £39,472 has been made within Bland (The Beehive) Limited, increasing group turnover from £12,950,350 to £12,989,822 and increasing the amounts owed by joint ventures within group debtors from £76,513 to £115,985. This reflects the unpaid rent from the year ending 31 March 2021, and for which Orega (Management) Limited are still contractually liable.

A prior year adjustment has been made within Hovertravel Limited to the values of the pension plan assets and liabilities. This reflects the gross values of annuity contracts with Scottish Widows, with the value of these insurance assets and liabilities now being shown separately rather than netted off. This has resulted in the disclosure of the fair value of the plan assets increasing from £3,065,655 to £7,085,198 and the present value of the plan liabilities from £2,483,060 to £6,502,603. There is no impact to the overall value of the net pension asset.

30. Contingent liabilities

The Group had no contingent liabilities during the years ending 31 March 2022 and 31 March 2021.

31. Capital commitments

The Group had no capital commitments as at 31 March 2022 and 31 March 2021.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****32. 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 £281,502 (2021: £281,502). There were no outstanding contributions at the year end (2021: £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 2022 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.

The scheme's assets are stated at their market value at 31 March 2022. At 31 March 2022 the scheme had a net defined benefit surplus calculated in accordance with FRS102 using the assumptions set out of £486,301 (2021: £582,595). The surplus is recognised as it is confirmed that the Group does have an unconditional right to a refund of surplus contributions once all pensions have been applied and the scheme winds up. On this basis no liability for minimum funding requirements has been recognised.

Bland Group UK Holdings Limited

Notes to the financial statements
For the year ended 31 March 2022

32. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2022 £	As restated 2021 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	6,502,603	6,445,220
Interest cost	119,396	141,123
Actuarial (gains)/losses	(421,153)	535,131
Benefits paid	(437,256)	(618,871)
At the end of the year	5,763,590	6,502,603

Reconciliation of present value of plan assets:

	2022 £	As restated 2021 £
At the beginning of the year	7,085,198	6,757,153
Expected return on assets	131,377	149,655
Actuarial (losses)/gains	(625,009)	679,611
Contributions	96,000	118,000
Benefits paid	(437,256)	(618,871)
Expenses paid from the scheme	(419)	(350)
At the end of the year	6,249,891	7,085,198

	2022 £	As restated 2021 £
Fair value of plan assets	6,249,891	7,085,198
Present value of plan liabilities	(5,763,590)	(6,502,603)
Net pension scheme asset	486,301	582,595

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****32. Pension commitments (continued)**

The amounts recognised in profit or loss are as follows:

	2022 £	As restated 2021 £
Interest on obligation	(119,396)	(141,123)
Expected return on scheme assets	131,377	149,655
Total	11,981	8,532
Actual return on scheme assets	(493,632)	484,923

Reconciliation of fair value of plan liabilities were as follows:

	2022 £	As restated 2021 £
Interest cost	119,396	141,123
Actuarial (gains) and losses	203,856	(144,481)
Closing defined benefit obligation	323,252	(3,358)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £203,856 loss (2021 - £144,481 gain).

The Group expects to contribute £96,000 to its Defined benefit pension scheme in 2023.

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****32. Pension commitments (continued)**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	2.7	1.9
Future increases to pensions in deferment	3.6	3.1
Future increases to pensions in payment	3.6	3.1
Inflation assumption (CPI)	3.6	3.1
Mortality rates		
- at 65 for a male aged 45 now	88.2	88.2

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

	2022	As restated	As restated	2019	2018
	£	2021	2020	£	£
Defined benefit obligation	(5,763,590)	(6,502,603)	(6,445,220)	(2,444,724)	(3,632,888)
Unrecognised past service cost	-	-	-	-	-
Scheme assets	6,249,891	7,085,198	6,757,153	2,969,328	2,930,341
Surplus	486,301	582,595	311,933	524,604	(702,547)
Experience adjustments on scheme liabilities	27,224	(72,506)	(64,507)	3,933	22,388
Experience adjustments on scheme assets	(625,009)	679,611	(324,313)	(86,063)	50,341

Bland Group UK Holdings Limited**Notes to the financial statements
For the year ended 31 March 2022****33. Commitments under operating leases**

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Land and buildings		
Not later than 1 year	774,475	899,925
Later than 1 year and not later than 5 years	2,185,842	1,969,947
Later than 5 years	1,894,110	2,348,854
	4,854,427	5,218,726
	Group 2022 £	Group 2021 £
Other		
Not later than 1 year	33,995	51,080
Later than 1 year and not later than 5 years	5,996	28,974
	39,991	80,054

34. 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 2022 are set out in the table below:

	2022 Turnover £	2021 Turnover £	2022 Balance £	2021 Balance £
Bland Group Limited	7,906	(438,703)	(1,360,289)	(1,100,000)
Bland Group Holdings Limited	161	159	(17,100,000)	(10,000,000)
Rock Hotel Limited	18,164	16,006	940	1,531
Bland Limited	71,492	94,330	8,627	10,261
Orega (Management) Limited	260,718	366,794	(97)	76,421
Encombe Limited	35,500	8,753	4,247	(271)
	393,941	47,339	(18,446,572)	(11,012,058)

Bland Group UK Holdings Limited

**Notes to the financial statements
For the year ended 31 March 2022**

35. 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 2021 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.