

Registered number: 07832893

## **ECUBE SOLUTIONS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021**



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**ECUBE SOLUTIONS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Corne P J Dunsford (resigned 31 July 2022) D R John (appointed 27 July 2021) L D McConnellogue (appointed 1 June 2022) T M Schmidt S J Taylor (appointed 27 October 2021)
<b>Registered number</b>	07832893
<b>Registered office</b>	Hangar 208 St Athan Airfield Barry Vale Of Glamorgan CF62 4AF
<b>Independent auditor</b>	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham GL50 3PR

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## **ECUBE SOLUTIONS LIMITED**

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## ECUBE SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### Introduction

The directors present their strategic report of the company for the year ended 30 November 2021.

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006. This Strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Project Swan Topco Limited and its subsidiary undertakings when viewed as a whole.

#### Business review

eCube Solutions Limited, a subsidiary of eCube Holdings Limited, is the main trading operation within the Group.

The group's principal activities are the disassembly of end of life aircraft as well as providing parking and storage and other ancillary services. The group has its main facility in St Athan, South Wales and a second site at Castellon, Spain.

The Group's loss for the financial year is £656,061 (for the six month period ended 30 November 2020: profit of £324,187). Revenue, gross profit and EBITDA for the Group were in line with expectations, highlighting the strength of the service offering offsetting the continued impact of the Covid-19 pandemic on the aviation sector.

eCube Solutions Limited is the main trading entity of the group. During the year, the Company made profits of £2,110,967 (2020: £3,545,308). Revenue increased from £9,288,862 to £11,095,633 as the sector began to emerge from the Covid-19 pandemic and reflects the growth in ancillary revenues during the period, including parking and maintenance, driven by increase in the number of aircraft parked and upcycling sales, which increased reflecting the mix of projects and increase in scrap revenue driven by commodity prices. Gross profit increased to £6,481,158 (2020: £6,194,857) reflecting the increase in revenue.

During the year, the Company identified a potential issue with the past treatment of subcontractors. The exceptional item in the financial statements totalling £880,000 relates to a provision for taxation and interest on historic payments to certain subcontract workers. These workers had been treated as self-employed subcontractors for income tax purposes. Following a review of working practices, some of these workers have been identified as potentially having the characteristics of employees and so the Company has provided for the estimated potential liability which would arise on changing the employment status of these subcontractors.

During the year, the group continued its strategy of providing market leading disassembly, aircraft storage and recycling services to aircraft owners of mature assets.

The Covid-19 pandemic continued to have an impact on the business during the financial year, with travel restrictions significantly affecting the aviation sector during the period. This resulted in fewer than expected aircraft retirements. The Group maintained strong market share during the period and generated increased revenue from ancillary services.

#### Principal risks and uncertainties

The principal risks and uncertainties affecting the management of the business and the execution of the group's strategy are considered to relate to the sensitivity of the aviation industry to changes in the economic and regulatory environment. The directors ensure that these risks are managed, monitored and reviewed on a regular basis and adopt appropriate policies accordingly.

#### Financial risk management objectives and policies

As part of the group's compliance with the Companies Act 2006 the directors wish to report on various additional matters in relation to the management of financial risks to which the business is exposed. The group does not use financial derivatives to mitigate these risks based on cost benefit considerations.

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## ECUBE SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### Cash flow risk

The group's activities expose it to a degree of financial risk of changes in foreign currency exchange rates though the group seeks to mitigate this risk by matching the foreign currency of its assets, liabilities, cash inflows and outflows.

#### Credit risk

The group's credit risk is primarily attributable to its trade debtors. Credit checks are undertaken on new customers. The trade debtors balance in the balance sheet is net of provisions for doubtful debtors.

#### Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the group regularly review its cash flow forecasts, taking appropriate actions where necessary.

#### Financial key performance indicators

The directors believe that there are a small number of key indicators by which the performance and development of the business is monitored. These are summarised below.

- Revenue
- Gross profit
- EBITDA

The business review includes an analysis of the key performance indicators.

#### Future developments

The Group sees significant opportunity in the future as economies and the aviation sector recover from the impacts of the Covid-19 pandemic. In addition, there will be further opportunities as older aircraft are retired and replaced and the Directors believe that retirement and disassembly volumes will grow over time.

In March 2022, the group successfully achieved EASA Part 145 accreditation at its main site in St Athan. This will enable eCube to offer enhanced maintenance services at St Athan.

The group has recently opened a third site in Arizona, USA. This development will allow the group to offer its high quality service to customers with US based assets and the group is expecting significant demand.

The directors welcome the appointment of Lee McConnellogue who was appointed as CEO on 1 June 2022.

This report was approved by the board on 3 October 2022 and signed on its behalf.



**L D McConnellogue**  
Director

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## ECUBE SOLUTIONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2021

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The directors present their report and the financial statements for the year ended 30 November 2021.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £2,110,967 (2020 - £3,545,308).

#### Directors

The directors who served during the year were:

M Corne  
P J Dunsford (resigned 31 July 2022)  
D R John (appointed 27 July 2021)  
T M Schmidt  
S J Taylor (appointed 27 October 2021)

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**ECUBE SOLUTIONS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**Disclosure of information to auditor**

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's auditor is 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's auditor is aware of that information.

**Post balance sheet events**

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

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 OCTOBER 2022 and signed on its behalf.



**L. D. McConnellogue**  
Director

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## ECUBE SOLUTIONS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECUBE SOLUTIONS LIMITED (CONTINUED)

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#### Opinion

We have audited the financial statements of eCube Solutions Limited for the year ended 30 November 2021 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including 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 company's affairs as at 30 November 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.



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## ECUBE SOLUTIONS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECUBE SOLUTIONS LIMITED (CONTINUED)

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We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates,

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## ECUBE SOLUTIONS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECUBE SOLUTIONS LIMITED (CONTINUED)

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focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, timing of revenue recognition and the existence and valuation of stock held at the yearend to manipulate results. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designed audit procedures to test the timing of revenue and remove of items from stock.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

#### Use of our report

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



Chris Mould  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
4th Floor  
St James House  
St James Square  
Cheltenham GL50 3PR

**Date: 5 October 2022**

**ECUBE SOLUTIONS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	11,095,633	9,288,862
Cost of sales		(4,614,475)	(3,094,005)
<b>Gross profit</b>		<b>6,481,158</b>	<b>6,194,857</b>
Administrative expenses		(3,596,228)	(2,952,778)
Other operating income	5	275,000	266,514
<b>Operating profit</b>	6	<b>3,159,930</b>	<b>3,508,593</b>
Interest receivable and similar income	10	829	712
Interest payable and similar expenses	11	-	(3,544)
Exceptional items	12	(880,000)	-
<b>Profit before tax</b>		<b>2,280,759</b>	<b>3,505,761</b>
Tax on profit	13	(169,792)	39,547
<b>Profit for the financial year</b>		<b><u>2,110,967</u></b>	<b><u>3,545,308</u></b>

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 12 to 27 form part of these financial statements.

**ECUBE SOLUTIONS LIMITED**  
**REGISTERED NUMBER: 07832893**

**BALANCE SHEET**  
**AS AT 30 NOVEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible fixed assets	14	36,484	9,887
Tangible assets	15	189,316	201,396
		<u>225,800</u>	<u>211,283</u>
<b>Current assets</b>			
Stocks	16	381,472	451,080
Debtors: amounts falling due within one year	17	6,445,417	4,716,889
Cash at bank and in hand	18	3,817,318	2,100,976
		<u>10,644,207</u>	<u>7,268,945</u>
Creditors: amounts falling due within one year	19	(2,404,218)	(2,021,046)
<b>Net current assets</b>		<u>8,239,989</u>	<u>5,247,899</u>
<b>Total assets less current liabilities</b>		<u>8,465,789</u>	<u>5,459,182</u>
Deferred tax	20	(15,640)	-
Provisions for liabilities and charges	21	(880,000)	-
<b>Net assets</b>		<u>7,570,149</u>	<u>5,459,182</u>
<b>Capital and reserves</b>			
Called up share capital	22	4	4
Profit and loss account	23	7,570,145	5,459,178
		<u>7,570,149</u>	<u>5,459,182</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 October 2022.

  
**L D McConnellogue**  
 Director

The notes on pages 12 to 27 form part of these financial statements.

**ECUBE SOLUTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 December 2019</b>	4	1,913,870	1,913,874
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,545,308	3,545,308
<b>At 1 December 2020</b>	<u>4</u>	<u>5,459,178</u>	<u>5,459,182</u>
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,110,967	2,110,967
<b>At 30 November 2021</b>	<u><u>4</u></u>	<u><u>7,570,145</u></u>	<u><u>7,570,149</u></u>

The notes on pages 12 to 27 form part of these financial statements.

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**ECUBE SOLUTIONS LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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	<b>At 1 December 2020 £</b>	<b>Cash flows £</b>	<b>At 30 November 2021 £</b>
Cash at bank and in hand	<b>2,100,976</b>	<b>1,716,342</b>	<b>3,817,318</b>
	<b><u>2,100,976</u></b>	<b><u>1,716,342</u></b>	<b><u>3,817,318</u></b>

The notes on pages 12 to 27 form part of these financial statements.

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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 1. General information

eCube Solutions Limited is a private company, limited by shares, incorporated and registered in England and Wales (Company number: 07832893). The registered office is Hangar 208, St. Athan Airfield, Barry, Vale of Glamorgan, CF62 4AF.

#### 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Reduced disclosure exemptions for subsidiaries

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objections to, the use of exemptions by the company's shareholder and immediate parent.

The company has taken advantage of the following exemptions:

No statement of cash flows has been presented, as the wholly owned subsidiary is included in the consolidated financial statements of the group.

Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Related party transactions have not been disclosed with other wholly owned members of the group.

##### 2.3 Going concern

The financial statements are presented on a going concern basis. In assessing the Company's ability to continue as a going concern, the directors have taken into consideration all available information relating to the twelve month period from the date of approval of these financial statements, including current and future trading and cashflow of the Company and other group entities.

The Covid-19 pandemic continued to have an impact on the business during the financial year, with travel restrictions significantly affecting the aviation sector during the period. This resulted in fewer than expected aircraft retirements. The Directors are aware that continued prolonged travel restrictions may reduce the Company's growth forecasts.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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 Company 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.

##### 2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.6 Foreign currencies

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



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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.7 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 Statement of comprehensive income in the same period as the related expenditure.

##### 2.8 Interest income

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

##### 2.9 Employee benefits

The costs of short-term benefits are recognised as a liability and an expense, unless these costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 2.10 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.

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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.11 Taxation

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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

##### 2.12 Exceptional Items

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

##### 2.13 Intangible assets

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

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

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. Intangible assets are amortised over 3 years and the amortisation charge is recognised within admin expenditure.

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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 2.14 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10%	on cost
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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.

#### 2.15 Stocks

Stocks are stated at the lower of costs and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each balance sheet 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.

#### 2.16 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.

#### 2.17 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.

#### 2.18 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.

#### 2.19 Financial instruments

The Company 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.

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## ECUBE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 2.20 Provisions for liabilities

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

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

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

##### 3.1 Useful economic lives of intangible and tangible fixed assets

The annual amortisation charge for intangible fixed assets and the annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 and 14 for the carrying amount of intangible and tangible fixed assets and note 2.13 and 2.14 for the useful lives of each class of intangible and tangible asset.

##### 3.2 Stock provisioning

It is necessary to consider the recoverability of the cost of raw material, work in progress and finished goods and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around the anticipated saleability of finished goods and future usage of raw materials. See Note 15 for the net carrying amount of the stock and associated provision.

##### 3.3 Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of debtors.

##### 3.4 Subcontractor tax

The company has made an estimate of the total provision for taxation and interest on historic payments to certain subcontract workers. When assessing the provision, management considered the working practices and characteristics of the subcontractors to identify if they were more likely to be employees. Management then identified the total payments made and what tax would have been paid along with any interest likely to be charged. The assessment is subject to review and confirmation by HMRC and therefore management are aware that the estimate may change in future periods.

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**ECUBE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**4. Turnover**

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

	2021 £	2020 £
Aircraft disassembly and ancillary services	7,790,873	7,560,611
Sale of goods	3,304,760	1,728,251
	<u>11,095,633</u>	<u>9,288,862</u>

Analysis of turnover by geographic market:

	2021 £	2020 £
United Kingdom	<u>11,095,633</u>	<u>9,288,862</u>

**5. Other operating income**

	2021 £	2020 £
Other operating income	275,000	232,848
Government grants receivable	-	33,666
	<u>275,000</u>	<u>266,514</u>

**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation – leased assets	23,048	14,209
Amortisation of intangible fixed assets	7,664	1,688
Exchange rate differences	(52,025)	66,992
Payments relating to operating leases	<u>208,840</u>	<u>205,257</u>

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**ECUBE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**7. Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u><b>17,750</b></u>	<u><b>3,585</b></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**ECUBE SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

**8. Employees**

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	2,053,276	1,453,399
Social security costs	191,099	132,642
Cost of defined contribution scheme	30,753	24,119
	<u>2,275,128</u>	<u>1,610,160</u>

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

	2021	2020
	No.	No.
Employees	<u>66</u>	<u>52</u>

**9. Directors remuneration**

Staff costs were as follows:

	2021	2020
	£	£
Directors emoluments	10,000	-
Contributions to defined contribution pension scheme	110	-
	<u>10,110</u>	<u>-</u>

During the period retirement benefits were accruing to 1 director (2020: none) in respect of defined contribution pension scheme.

**10. Interest receivable**

	2021	2020
	£	£
Other interest receivable	<u>829</u>	<u>712</u>

**11. Interest payable and similar expenses**

	2021	2020
	£	£
Bank interest payable	<u>-</u>	<u>3,544</u>

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**ECUBE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**12. Exceptional items**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Provision for tax on payments to subcontractors	<b><u>880,000</u></b>	<b><u>-</u></b>

The exceptional item relates to provision for taxation and interest on historic payments to certain subcontract workers. These workers had been treated as self employed subcontractors for income tax purposes. Following a review of working practices, some of these workers have been identified as potentially having the characteristics of employees and so the group has provided for the estimated potential liability which would arise on changing the employment status of these subcontractors.



**ECUBE SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

**13. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	154,152	(39,547)
<b>Total current tax</b>	<u>154,152</u>	<u>(39,547)</u>
<b>Deferred tax</b>	15,640	-
<b>Total deferred tax</b>	<u>15,640</u>	<u>-</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>169,792</u>	<u>(39,547)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,280,759</u>	<u>3,505,761</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	433,344	666,095
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,065	871
Fixed asset timing differences	(6,694)	(45,595)
Group relief	(276,754)	(660,918)
Prior year movement in deferred tax	15,077	-
Movement in deferred tax on corporation tax rate change	3,754	-
<b>Total tax charge for the year</b>	<u>169,792</u>	<u>(39,547)</u>

**Factors that may affect future tax charges**

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). In the 2021 Budget it was confirmed that the rate of corporation tax will increase from 19% to 25% from 1 April 2023. At the same time, a small companies' rate of 19% will be introduced and marginal relief given from intermediate companies. The main rate applies to companies with profits over £250,000; the small companies' rate to those with profits of £50,000 or less, with marginal tapering for profits in between the thresholds. Losses of £1,456,599 were utilised from other group companies during the year. There are no losses carried forward.

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**ECUBE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**14. Intangible assets**

	Goodwill £	Software development £	Total £
<b>Cost</b>			
At 1 December 2020	1,300,000	12,345	1,312,345
Additions	-	34,261	34,261
At 30 November 2021	<u>1,300,000</u>	<u>46,606</u>	<u>1,346,606</u>
 <b>Amortisation</b>			
At 1 December 2020	1,300,000	2,458	1,302,458
Charge for the year	-	7,664	7,664
At 30 November 2021	<u>1,300,000</u>	<u>10,122</u>	<u>1,310,122</u>
 <b>Net book value</b>			
At 30 November 2021	<u>-</u>	<u>36,484</u>	<u>36,484</u>
At 30 November 2020	<u>-</u>	<u>9,887</u>	<u>9,887</u>

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**ECUBE SOLUTIONS LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

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**15. Tangible fixed assets**

	<b>Leasehold property £</b>
<b>Cost or valuation</b>	
At 1 December 2020	231,351
Additions	10,968
	<u><b>242,319</b></u>
At 30 November 2021	
<b>Depreciation</b>	
At 1 December 2020	29,955
Charge for the year on owned assets	23,048
	<u><b>53,003</b></u>
At 30 November 2021	
<b>Net book value</b>	
At 30 November 2021	<u><u><b>189,316</b></u></u>
At 30 November 2020	<u><u><b>201,396</b></u></u>

**16. Stocks**

	<b>2021 £</b>	<b>2020 £</b>
Raw materials	<b>151,130</b>	<b>119,444</b>
Finished goods and work in progress	<b>230,342</b>	<b>331,636</b>
	<u><u><b>381,472</b></u></u>	<u><u><b>451,080</b></u></u>

**ECUBE SOLUTIONS LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

**17. Debtors**

	2021 £	2020 £
Trade debtors	2,248,384	1,728,898
Amounts owed by group undertakings	3,675,008	1,981,971
Other debtors	101,427	3,348
Prepayments and accrued income	420,598	1,002,672
	<u>6,445,417</u>	<u>4,716,889</u>

**18. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>3,817,318</u>	<u>2,100,976</u>

**19. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	319,274	858,831
Amounts owed to group undertakings	861,976	-
Other taxation and social security	-	83,702
Corporation tax	154,152	-
Other creditors	31,064	160,101
Accruals and deferred income	1,037,752	918,412
	<u>2,404,218</u>	<u>2,021,046</u>

**20. Deferred tax**

	2021 £	2020 £
At 1 December	-	-
Charge to Statement of Comprehensive income in the period	15,640	-
At 30 November	<u>15,640</u>	<u>-</u>

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ECUBE SOLUTIONS LIMITED

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SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 2021

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21. Provisions for liabilities

	<u>Subcontractor tax provision</u>
As at 1 December 2020	-
Charged to profit or loss	<u>880,000</u>
As at 30 November 2021	<u>880,000</u>

Provision for taxation and interest on historic payments to certain subcontract workers. These workers had been treated as self employed subcontractors for income tax purposes. Following a review of working practices, some of these workers have been identified as potentially having the characteristics of employees and so the group has provided for the estimated potential liability which would arise on changing the employment status of these subcontractors.

22. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
400 (2020 - 400) Ordinary shares of £0.01 each	<u>4</u>	<u>4</u>

23. Reserves

**Profit and loss account**

The profit and loss account reserve represents all current and prior year retained profits and losses of the Company.

24. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents the contributions payable by the company to the scheme and amounts to £30,753 (2020: £24,105). Included within other creditors at the balance sheet was amounts owed to the scheme totalling £8,964 (2020: £5,039).

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## ECUBE SOLUTIONS LIMITED

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### SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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#### 25. Commitments under operating leases

At 30 November 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	122,748	228,929
After more than one year	32,215	99,103
	<u>154,963</u>	<u>407,536</u>

#### 26. Controlling party

The immediate parent company is eCube Holdings Limited, a company registered in England and Wales. The largest and smallest undertaking and ultimate parent company is Project Swan Topco Limited, a company registered in England and Wales. The Company is included in the consolidated financial statements of Project Swan Topco Limited and copies of the group accounts can be obtained from Hangar 208, St Athan Airfield, Barry, Vale of Glamorgan CF62 4AF.

The shares in Project Swan Topco Limited are majority owned by limited partnerships affiliated with Baird Financial Inc. incorporated within the USA, which are considered to be the ultimate controlling parties.