

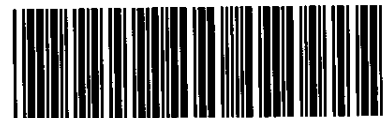
Company registration number: 05391365

2 Excel Aviation Limited

Unaudited financial statements

31 March 2022

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2 Excel Aviation Limited

Contents

	Page
Directors and other information	1
Strategic report	2 - 5
Directors report	6 - 7
Statement of comprehensive income	8
Statement of financial position	9 - 10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 30

2 Excel Aviation Limited

Directors and other information

Directors	Mr C J R Norton Mr A C Offer Mr H P Singh Mr A J W Rae Ms L F Campbell (appointed 23 June 2022)
Secretary	Mr C J R Norton
Company number	05391365
Registered office	Tiger House Sywell Aerodrome Northamptonshire NN6 0BN
Business address	Tiger House Sywell Aerodrome Northamptonshire NN6 0BN
Accountants	Spiers & Company 72 Fielding Road London W4 1DB

2 Excel Aviation Limited

Strategic report Year ended 31 March 2022

REVIEW OF BUSINESS

The principal activity of the Company during the year under review was that of providing aerospace services.

Strategic Context

The strategic context for the Company's operations included the fall-out from Brexit, the continuation of the Covid-19 Pandemic and the fall-out from Russia's invasion of Ukraine. By the end of the year, worldwide passenger airline travel remained below 60% of its 2019 level as staff from aviation's supporting supply chains had exited the sector. International borders remained hard to cross without significant bureaucratic preparation. Supply chain friction remained very high; aircraft parts were particularly hard to get. Human migration towards the UK continued to surge. Home working reduced but remained entrenched particularly in Government departments and in large businesses; the consequence was that strategic decisions were still being delayed. This was exacerbated by the Government's financial strategy to recover its finances follow the first year of the Pandemic; recovery policies within Government departments had direct effects on long-term contracts both delaying their introduction and extending them.

Company Strategy

Having survived the twin strategic shocks of Brexit and the Pandemic and having reconfigured for the emerging realities, the Company's strategy for the year was to Recover and Prosper and to win business that were on its strategic path. The Company Strategic Plan was to regain the Company's pre-pandemic growth trajectory by growing its existing contracts and by taking adjacent market opportunities to achieve its targets in year. Its operational plan was to scale-up its human resources to be able to deliver resiliently the work it won, returning to its normal business model and continuing to generate cash to reduce liquidity risk.

Recover and Prosper

In order to mitigate slow customer decision making, initially the Board invested in projects at risk where it felt there was a high likelihood of securing significant contracts. The Company continued to invest and modernize its overall fleet and to cut its carbon emissions in line with its Sustainability Policy. It created new jobs during the year to deliver its activities more resiliently.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are described below.

Revenue Risk

The Company is reliant on Government and large companies for contracts which are subject to periodic competitive tender. Renewal of these contracts is uncertain. However, the Company over-performs both financially and operationally, retaining incumbency and growing market share. Individual lines of business make great efforts to maintain their existing business relationships and to change their offerings in contract to remain relevant to their customers.

The Company continued to win significant contracts during the period. However, continued 'working from home' policies amongst customers, allied to Government financial recovery policies, stifled decision making, commitments and, consequentially, delayed contract signatures. This delayed expected revenues and negatively impacted cashflows. The Directors expect this friction to remain but reduce in the coming year. Revenue risk was mitigated by the Board's policy of 'proactively taking risk,' investing in high probability of win opportunities especially with long-standing partners. At a Divisional level, lines of business remained particularly agile and able to react very swiftly to fleeting opportunities.

2 Excel Aviation Limited

Strategic report (continued) Year ended 31 March 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Coronavirus Risk

The Company's Coronavirus strategy was to React, Survive, Reconfigure, Recover and Prosper. During the period Recover and Prosper phases were implemented.

The Company's Charter and Blades lines of business are 'retail' in nature and were reliant on Coronavirus restrictions easing and the economy recovering. Both Charter and The Blades were affected by uncertainties in their respective sectors. Both lines of business struggled during the period but the successes of the rest of the Company meant, in line with the principles of the Company's controlling Employee Ownership Trust, the Company was strong enough to continue trade in both lines of business.

Longer-term and deeply felt across the whole Company, a secondary effect of Coronavirus was increased supply chain friction. This variously halted or slowed down the Company's supporting service industries abroad. Across the world, many businesses were closed, some supply chain staff could not work and, in particular, scarce replacement aircraft parts could not be secured and/or transported swiftly around the world or between the various supply chain nodes. The resultant lack of spare parts meant aircraft maintenance and repairs took much longer than expected and forecast service resilience could not be delivered. This negatively impacted aircraft availability and the consequential ability to realise revenue opportunities.

Brexit Risk

Immediately after the end of the Brexit Transition Period, friction at international borders became very high. This was due to incomplete arrangements for trade across borders once the UK had left the European Union. Similarly, notwithstanding the provisions of the Chicago Convention, obtaining the freedom to fly across Europe became difficult in obtaining national permits. Customers saw that difficulty as a risk to their flying when selecting UK-registered operators. However, this risk has reduced during the 15 months since the end of the Transition Period by increasingly good practice.

War in Ukraine Risk

The Company has no Russian or Ukrainian customers. It had a single Ukraine-based supplier which provided software that is not unique. Apart from driving significant fuel and energy cost escalation, the effect of sanctions on Russia have been minimal on the Company. In fact, it has reduced the Competitive Risk to the Company's Charter business by removing Russian competitors from the European market. It has also re-focussed Governments on increasing defence spending which has reversed a trend from the defence sector in the face of climate change protectionism. Overall, the Company is not negatively exposed to the war in Ukraine.

Competitive Risk

Historically, the Company's strategy has been to operate in niches where there are few, if any, competitors. However, as it has grown, its opportunities are more valuable and it is competing against larger companies. The Company's reputation, delivery performance, innovation, risk management and its demonstrable 'value-for-money' pricing strategy mean that it has continued to win contracts against these larger competitors.

While the impact of Coronavirus risk on the Company (particularly its concomitant liquidity risk) could be perceived by the Company's larger customers as a risk that they were unable to carry, the Company's focus on over-delivery, maintaining excellent customer relationships and its strong performance in emerging from Coronavirus during the financial year mitigated this Competitive Risk. Moreover, Liquidity Risk across the whole economy created adjacent opportunities. The Company's agility allowed it to swiftly exploit these opportunities faster and more effectively than its competitors.

2 Excel Aviation Limited

Strategic report (continued) Year ended 31 March 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Delivery Risk

The corollary of the Company's value-for-money pricing strategy is that any failure by the Company to identify or manage operational delivery risks or to cater for cost inflation within its contracts could store latent financial Delivery Risk downstream. To mitigate this the Company operates a highly developed 'management of change' process to inform contractual negotiations. Consequential contractual terms mean that the Company has minimal exposure to the effects of inaccurate hedging and *force majeure*.

The Company is reliant on 2Excel Engineering Limited to deliver its aircraft maintenance. The Company's exposure to 2 Excel Engineering Ltd was closely managed by a Company Director. 2 Excel Engineering balanced its capacity against demand and managed to navigate the Pandemic and grow its business during the period

Financial Instrument Risks

The Company continued to improve its financial risk management frameworks. It grew its in-house finance department, implemented continuous improvement programmes across its internal financial controls, adding increasingly deep analysis tools and increasingly early financial result reporting. In spite of its hardening debt covenants, the Company was able to create steadily increasing head room against all its financial instrument risks.

Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting its financial obligations. Before the pandemic, the Company had taken significant Liquidity Risk to secure increased market share and grow. The Pandemic negatively transformed some of the Company's market sectors and revenue generation in those sectors had become very difficult. During the previous financial year, the Board's Liquidity Risk management strategy had been to limit its growth initiatives, control costs and, focus on cash generation to reduce its liquidity risk exposure. During the period, this constraint on growth was relaxed as medium and long-term investments were turned into aerospace services which increased revenues and reduced the Company's Liquidity Risk.

FUTURE DEVELOPMENTS

Commercial

The Company has positioned itself to be ready for the new realities of the post-Pandemic world. It has proven itself nationally, is operating internationally, and has won contracts of steadily increasing scale. During the period, revenues have increased by a third and this growth path is forecast to continue. The Company has won and is poised to win significant, blue-chip contracts.

Environmental, Social and Governance (ESG)

Remaining relevant to the new realities, the Company is already forward-leaning in Sustainability. Its Sustainability Policy encompasses its Environmental and Social Value Policies. To reduce its carbon footprint, manage aircraft obsolescence reduce and mitigate churn, be an employer of choice and be recognised as a socially and environmentally conscious exemplar, the Company continues to develop its plans to deliver the Company's Sustainability targets. Fomented through the Company's Caring Culture and administered by cross-company steering and working groups, those plans include the Company's Resilience Plan, Volunteering Plan, Business Continuity Plan, Carbon Reduction Plan, Environmental Stewardship Plan, Bio-diversity Action Plan, Waste Plan, Water Management Plan and its Circular Economy Plan.

2 Excel Aviation Limited

Strategic report (continued) Year ended 31 March 2022

POSITION OF THE COMPANY

Performance During the Period

In spite of the twin impacts of Coronavirus and Brexit, of which the more important was Coronavirus, the Company's operational diversity and service relevance meant that Company revenues increased by 39%. To deliver this, headcount only increased 12.5%.

The Company made a profit of £706,380 after taxes during the period, reversing its loss of the previous financial year. Notwithstanding all the negative effects of Coronavirus and Brexit on the UK aerospace sector the Company has managed them well surging through its 'Recover' phase so that it is now firmly into 'Prosper'.

GOING CONCERN

The Directors have considered the Company's strong performance during the Coronavirus crisis, in the post-Brexit world and in the face of the Ukraine War and have decided that the Company has weathered these strategic shocks very well. It has returned to profit, recovered the losses of the previous year, grown its employee base, secured significant new contracts and, particularly, grown its revenues. It has significantly improved its resilience and enhanced its reputation. Noting that the Company has increased its total debt, it has reduced its Liquidity and Financial Instrument Risks. Contextually, Brexit and Coronavirus risks are both reducing too. The Directors do not consider there is any material uncertainty that causes any significant doubt that the Company can continue as a going concern. The Company's performance has been overwhelmingly positive. Where it has competed, it has been successful in winning new contracts and increasing its market share. The Company is forecasting significant growth in the coming year. The future looks easier to manage. Therefore, the Directors consider that the 2 Excel Aviation Limited remains a going concern.

KEY PERFORMANCE INDICATORS

The key financial and other performance indicators for the Group during the year were as follows:

Description	2022	2021	Change
	£	£	%
Revenue	39,326,885	28,265,914	39.13%
Gross profit	25,425,837	19,731,728	28.86%
Gross profit %	64.65%	69.81%	-7.38%
Operating profit	4,108,876	410,162	901.77%
Profit/(Loss) after tax	706,380	(883,692)	-179.94%
Shareholders' funds	10,929,560	10,223,180	6.91%
Average number of employees	243	216	12.50%

ON BEHALF OF THE BOARD



Mr H P Singh
Director

Date: 30/09/2022

2 Excel Aviation Limited

Directors report Year ended 31 March 2022

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

PRINCIPAL ACTIVITY

The principal activity of the 2Excel Company during the year under review was that of providing aerospace services.

DIVIDENDS

No dividends will be distributed the year ended 31 March 2022 (2021 : £Nil).

DIRECTORS

The directors who served the company during the year were as follows:

Mr C J R Norton

Mr A C Offer

Mr H P Singh

Mr A J W Rae

Ms F L Campbell was appointed on 23 June 2022.

CHARITABLE DONATIONS AND EXPENDITURE

During the year, the Company donated £8,150 to charities (2021 : £Nil)

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen in accordance with s.414C(11) of Companies Act 2006 to set out in the Company's strategic report information required by Schedule 7 of the Large and Medium sized Companies and Companies (Accounts and reports) Regulations 2008 to be contained in the Director's report. The following information has been disclosed in the strategic report:

- the principal risks and uncertainties of the Company
- the going concern of the Company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Company Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

2 Excel Aviation Limited

**Directors report (continued)
Year ended 31 March 2022**

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Harant Singh', written in a cursive style.

Mr H P Singh
Director

Date: 30/09/2022

2 Excel Aviation Limited

**Statement of comprehensive income
Year ended 31 March 2022**

	Note	2022 £	2021 £
Turnover		39,326,885	28,265,914
Cost of sales		(13,901,048)	(8,534,186)
Gross profit		<u>25,425,837</u>	<u>19,731,728</u>
Administrative expenses		(21,544,274)	(19,967,577)
Other operating income		227,313	646,011
Operating profit	4	<u>4,108,876</u>	<u>410,162</u>
Other interest receivable and similar income		99	207
Interest payable and similar expenses	5	(3,402,595)	(1,813,789)
Profit/(loss) before taxation		<u>706,380</u>	<u>(1,403,420)</u>
Tax on profit/(loss)	6	-	519,728
Profit/(loss) for the financial year and total comprehensive income		<u><u>706,380</u></u>	<u><u>(883,692)</u></u>

All amounts to continuing operations.

The notes on pages 13 to 30 form part of these financial statements.

2 Excel Aviation Limited

Statement of financial position 31 March 2022

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Intangible assets	8	331,004		704,563	
Tangible assets	9	12,163,795		11,394,046	
Investments	10	428,516		428,516	
		<u>12,923,315</u>		<u>12,527,125</u>	
Current assets					
Stocks	11	2,500		2,500	
Debtors	12	27,877,726		25,521,667	
Cash at bank and in hand		1,558,457		3,457,161	
		<u>29,438,683</u>		<u>28,981,328</u>	
Creditors: amounts falling due within one year	13	(5,626,927)		(7,091,129)	
Net current assets		<u>23,811,756</u>		<u>21,890,199</u>	
Total assets less current liabilities		<u>36,735,071</u>		<u>34,417,324</u>	
Creditors: amounts falling due after more than one year	14	(25,805,511)		(24,194,144)	
Net assets		<u>10,929,560</u>		<u>10,223,180</u>	
Capital and reserves					
Called up share capital	18	420		420	
Share premium account	19	471,700		471,700	
Profit and loss account	19	10,457,440		9,751,060	
Shareholders funds		<u>10,929,560</u>		<u>10,223,180</u>	

For the year ending 31 March 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The notes on pages 13 to 30 form part of these financial statements.

2 Excel Aviation Limited

**Statement of financial position (continued)
31 March 2022**

These financial statements were approved by the Board of Directors and authorised for issue on 30 September 2022, and were signed on behalf of the board by:



Mr H P Singh
Director

Company registration number: 05391365

The notes on pages 13 to 30 form part of these financial statements.

2 Excel Aviation Limited

**Statement of changes in equity
Year ended 31 March 2022**

	Called up share capital	Share Premium	Profit and loss account	Total
	£	£	£	£
At 1 April 2020	420	471,700	10,634,752	11,106,872
Profit/(loss) for the year			(883,692)	(883,692)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(883,692)</u>	<u>(883,692)</u>
At 31 March 2021 and 1 April 2021	<u>420</u>	<u>471,700</u>	<u>9,751,060</u>	<u>10,223,180</u>
Profit/(loss) for the year			706,380	706,380
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>706,380</u>	<u>706,380</u>
At 31 March 2022	<u>420</u>	<u>471,700</u>	<u>10,457,440</u>	<u>10,929,560</u>

2 Excel Aviation Limited

Statement of cash flows
Year ended 31 March 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	706,380	(883,692)
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,716,671	2,092,162
Amortisation of intangible assets	373,559	395,226
Other interest receivable and similar income	(99)	(207)
Interest payable and similar expenses	3,402,595	1,813,789
Gain/(loss) on disposal of tangible assets	-	(16,333)
Tax on profit/loss	-	(519,728)
Accrued expenses/(income)	320,768	229,441
<i>Changes in:</i>		
Trade and other debtors	(2,356,059)	(6,402,027)
Trade and other creditors	(528,818)	(2,506,636)
Cash generated from operations	<u>3,634,997</u>	<u>(5,798,005)</u>
Interest paid	(3,402,595)	(1,813,789)
Interest received	99	207
Tax paid	-	359,259
Net cash from/(used in) operating activities	<u>232,501</u>	<u>(7,252,328)</u>
Cash flows from investing activities		
Purchase of tangible assets	(2,486,420)	(461,250)
Proceeds from sale of tangible assets	-	26,000
Acquisition of subsidiaries	-	(1,300)
Acquisition of interests in associates and joint ventures	-	(420)
Net cash used in investing activities	<u>(2,486,420)</u>	<u>(436,970)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,092,325	24,194,144
Repayments of borrowings	-	(13,762,123)
Proceeds from loans from group undertakings	(1,737,110)	1,323,616
Net cash from financing activities	<u>355,215</u>	<u>11,755,637</u>
Net increase/(decrease) in cash and cash equivalents	(1,898,704)	4,066,339
Cash and cash equivalents at beginning of year	3,457,161	(609,178)
Cash and cash equivalents at end of year	<u>1,558,457</u>	<u>3,457,161</u>

2 Excel Aviation Limited

Notes to the financial statements Year ended 31 March 2022

1. STATUTORY INFORMATION

2 Excel Aviation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page. 2 Excel Aviation Limited principal place of business is The Tiger House, Sywell Aerodrome, Sywell, Northampton, NN6 0BN.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements are presented in Sterling (£).

The principal activity of the Company is that of providing aerospace services.

Going concern

The Directors have considered the Company's strong performance during the Coronavirus crisis, in the post-Brexit world and in the face of the Ukraine War and have decided that the Company has weathered these strategic shocks very well. It has returned to profit, recovered the losses of the previous year, grown its employee base, secured significant new contracts and, particularly, grown its revenues. It has significantly improved its resilience and enhanced its reputation. Noting that the Company has increased its total debt, it has reduced its Liquidity and Financial Instrument Risks. Contextually, Brexit and Coronavirus risks are both reducing too. The Directors do not consider there is any material uncertainty that causes any significant doubt that the Company can continue as a going concern. The Company's performance has been overwhelmingly positive. Where it has competed, it has been successful in winning new contracts and increasing its market share. The Company is forecasting significant growth in the coming year. The future looks easier to manage. Therefore, the Directors consider that the 2 Excel Aviation Limited remains a going concern.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the statement of financial position immediately below goodwill.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102. 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the company.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Judgements and estimates

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The estimates and associated assumptions are evaluated on an ongoing basis and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements applied and key sources of estimation uncertainty are as follows:

Amounts owed by related companies. The Directors have applied judgement in determining that the amounts owed from related companies 2 Excel Engineering Limited and 21T Limited of £3.3m and £5.5m respectively are considered fully recoverable at the balance sheet date and that therefore no provision against these balances is required. This assessment has been made by reference to expected post balance sheet repayment of these balances, continued trading with the company and further anticipated investment into these entities.

Recoverability of research and development (R) tax credits. The Directors have applied judgement in assessing the recoverability of research and development tax credits at 31 March 2022, and also therefore in determining the extent of tax credit to recognise in the profit and loss account. This is based on the Directors' assessment of the nature and validity of the claims. No R&D claim has been recognised in relation to the financial year to 31 March 2021 & 31 March 2022 as the Directors consider there to be insufficient certainty over quantum.

Deferred tax. The Directors have considered the overall deferred tax position of the Company at both 31 March 2021 and 31 March 2022 and have concluded that there are sufficient deferred tax assets available in the form of tax losses and unrecognised R&D claim to offset deferred tax liabilities arising on fixed asset timing differences.

Carrying value of intangible assets. The Directors have considered the future net operating cash flows that will be generated from the development costs intangible assets. They have determined that amounts reflected in carrying value at 31 March 2022 represent assets that will be fully recovered from future cash flows. The Directors do not therefore consider that any impairment provisions are required.

Going concern. The Directors have applied judgement in forming their assessment that the Company are going concern. Details of the key matters considered, and the judgements and estimates applied are given earlier in note 2.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Investment in subsidiaries

The Financial Statements incorporate the Financial Statements of the company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent.

Investments in subsidiaries are accounted for at cost less impairment in the individual Financial Statements.

Investment in associates and joint ventures

Investments in associates and joint ventures are recognised initially in the statement of financial position at the transaction price and subsequently adjusted to reflect the Company's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate or joint venture. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate or joint venture are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate or joint venture.

Investments in associates and joint ventures are accounted for at cost less impairment in the individual Financial Statements.

Revenue

Revenue represents the total invoice value, excluding value added tax, of sales made during the year. Revenue is recognised at the point the company has transferred to the buyer the significant risks and rewards, the amount of the turnover can be measured reliably, and it is probable the economic benefits associated with the transactions will flow to the company.

Revenue related to contracts with the customers are recognised in accordance with the stage of completion of the contract. Revenue on contracts with customers comprises of the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is agreed with the customer.

Tangible fixed assets

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

Short leasehold property	- over the life of the lease
Aircraft	- 10% on a reducing balance method or 6-10% on a straight line
Fittings fixtures and equipment	- 10%/20% on a reducing balance method
Motor vehicles	- 25% on a straight line
Aircraft Equipment	- 20% on a reducing balance method or 10-20% on a straight line

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax is tax payable or refundable in respect of the taxable profit or tax loss for the current period or past reporting periods.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Research and Development

Research is written off in the same year in which it is incurred.

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Development costs are amortised over 5 years.

Foreign currencies

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

Hire purchase and leasing commitments

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

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

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability

Research & Development Tax credit is recognised as a grant that becomes receivable as compensation for expenses or losses already incurred shall be recognised in income in the period in which it becomes receivable.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the Financial Statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

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

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

3. Employees and Directors

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

	2022	2021
Management	4	4
Operations and administration	239	212
	243	216

The aggregate payroll costs incurred during the year were:

	2022	2021
	£	£
Wages and salaries	9,991,901	8,108,578
Redundancy	-	1,023
Social security costs	1,198,440	974,026
Other pension costs	870,310	783,038
	12,060,651	9,866,665

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and Directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amounted to £870,310 (2021 : £783,038).

Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	606,392	605,293
	606,392	605,293

Remuneration of the highest paid directors in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	250,000	250,000
Company contributions to pension plans in respect of qualifying services	-	-
	250,000	250,000

	2022	2021
	£	£
The number of directors who accrued benefits under company pension plans was as follows:		
Defined contribution plans	1	1
	1	1

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

4. Operating profit/loss

Operating profit/loss is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible assets	373,559	395,226
Depreciation of tangible assets	1,716,671	2,092,162
(Gain)/loss on disposal of tangible assets	-	(16,333)
Operating lease rentals	640,189	637,846
Foreign exchange differences	2,651	(54,708)
Fees payable for the audit of the financial statements	40,000	40,000
	<u> </u>	<u> </u>

5. Interest payable and similar expenses

	2022	2021
	£	£
Loan Interest	3,402,595	1,813,789
	<u> </u>	<u> </u>

6. Tax on profit/loss

Major components of tax expense/income

	2022	2021
	£	£
Current tax:		
UK current tax expense/income	-	(519,728)
Tax on profit/loss	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Reconciliation of tax expense/income

The tax assessed on the profit/loss for the year is the same as (2021: lower than) the standard rate of corporation tax in the UK of -19% (2021: 19.00%).

	2022	2021
	£	£
Profit/(loss) before taxation	706,380	(1,403,420)
	<u> </u>	<u> </u>
Profit/(loss) multiplied by rate of tax	134,212	(266,650)
Effect of expenses not deductible for tax purposes	27,093	448
Effect of capital allowances and depreciation	(161,305)	282,535
R & D Relief	-	(519,728)
Sale of assets	-	(16,333)
Tax on profit/loss	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

The company has unrelieved tax losses. No deferred tax asset has been recognised in respect of these losses. There is uncertainty over timing of available future profits for offset against deferred tax liabilities from fixed asset timing differences.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

6. Tax on profit/loss - continued

Factors affecting future tax expense

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill confirms an increase in the corporation tax rate from 1 April 2023. From this date, the rate will taper from 19% for businesses with profits of less than £50,000 to 35% for businesses with profits over £250,000.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

8. Intangible assets

	Development costs £	Total £
Cost		
At 1 April 2021 and 31 March 2022	2,363,474	2,363,474
Amortisation		
At 1 April 2021	1,658,911	1,658,911
Charge for the year	373,559	373,559
At 31 March 2022	<u>2,032,470</u>	<u>2,032,470</u>
Carrying amount		
At 31 March 2022	331,004	331,004
At 31 March 2021	<u>704,563</u>	<u>704,563</u>

The Directors have assessed the recoverability of the development costs intangibles by reference to expected future cash flows that will be generated from these live projects and have determined that no impairment is required at 31 March 2022.

9. Tangible assets

	Short leasehold property £	Aircraft £	Fixtures, fittings and equipment £	Motor vehicle £	Aircraft equipment £	Total £
Cost						
At 1 April 2021	166,312	4,776,864	1,066,985	27,780	17,134,805	23,172,746
Additions	28,274	-	95,943	-	2,362,203	2,486,420
At 31 March 2022	<u>194,586</u>	<u>4,776,864</u>	<u>1,162,928</u>	<u>27,780</u>	<u>19,497,008</u>	<u>25,659,166</u>
Depreciation						
At 1 April 2021	90,709	2,516,899	714,641	17,715	8,438,736	11,778,700
Charge for the year	18,929	225,997	86,391	6,167	1,379,187	1,716,671
At 31 March 2022	<u>109,638</u>	<u>2,742,896</u>	<u>801,032</u>	<u>23,882</u>	<u>9,817,923</u>	<u>13,495,371</u>
Carrying amount						
At 31 March 2022	84,948	2,033,968	361,896	3,898	9,679,085	12,163,795
At 31 March 2021	<u>75,603</u>	<u>2,259,965</u>	<u>352,344</u>	<u>10,065</u>	<u>8,696,069</u>	<u>11,394,046</u>

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

10. Investments

	Shares in undertakings	group Participating interests
	£	£
Cost		
At 1 April 2021 and 31 March 2022	428,013	503
Impairment		
At 1 April 2021 and 31 March 2022	-	-
Carrying amount		
At 31 March 2022	428,013	503
At 31 March 2021	428,013	503

Investments in group undertakings

	Registered office share of shares held	Class of Percentage	
Subsidiary undertakings			
T2 Aviation Limited	UK	Ordinary shares	63
2 Excel Management Limited	UK	Ordinary shares	100
2 Excel Aviation Training APS	Denmark	Ordinary shares	100
ACH (Witham) Limited	UK	Ordinary shares	100
ACH London Limited	UK	Ordinary shares	100
ACH Excalibur Limited	UK	Ordinary shares	100
2 Excel Leading Edge Limited	UK	Ordinary shares	100
2 Excel Geo Limited	UK	Ordinary shares	100
2 Excel Design Limited	UK	Ordinary shares	100
GCP Aviation Limited	UK	Ordinary shares	100
Participating interest			
21T Limited	UK	Ordinary shares	33
Blades Racing Team Limited	UK	Ordinary shares	50
3XL Aviation Limited	UK	Ordinary shares	50

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

The results and capital and reserves for the period of the trading companies are as follows:

	Capital and reserves		Profit/(loss) for the period	
	2022 £	2021 £	2022 £	2021 £
Subsidiary undertakings				
2 Excel Management Limited	(61,940)	(310,645)	248,706	(35,537)
2 Excel Aviation Training APS	10,071	10,071	-	1,056
2 Excel Design Limited	(342,630)	(410,462)	67,832	(13,313)
GCP Aviation Limited	(283,750)	(407,360)	123,511	(99,038)
T2 Aviation Limited	(129,814)	(899,392)	735,594	803,855
2 Excel Geo Limited	(2,676)	(1,629)	(1,047)	(502)
2 Excel Leading Edge Limited	100	100	-	-
ACH London Limited	1,010,497	499,518	510,979	218,648
ACH (Witham) Limited	416,445	219,490	196,957	100,957
ACH Excalibur Limited	(56,696)	(58,291)	1,595	(58,711)

2 Excel Aviation Limited

**Notes to the financial statements (continued)
Year ended 31 March 2022**

11. Stocks	2022	2021
	£	£
Finished goods	2,500	2,500
	<u> </u>	<u> </u>
 12. Debtors	 2022	 2021
	£	£
Trade debtors	5,048,264	1,838,889
Amounts owed by group undertakings	12,173,472	12,638,820
Amounts owed by associates	4,715,946	4,596,863
Prepayments and accrued income	2,328,552	2,653,764
Other debtors	3,611,492	3,793,331
	<u>27,877,726</u>	<u>25,521,667</u>
 13. Creditors: amounts falling due within one year	 2022	 2021
	£	£
Bank loans and overdrafts	480,958	-
Trade creditors	1,676,854	1,900,723
Amounts owed to associates	-	1,737,110
Accruals and deferred income	2,120,335	1,799,567
Social security and other taxes	1,304,082	1,586,946
Other creditors	44,698	66,783
	<u>5,626,927</u>	<u>7,091,129</u>

2 Excel Aviation Limited

Notes to the financial statements (continued)
Year ended 31 March 2022

14. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Loans (see note 15)	25,805,511	24,194,144
	<u>25,805,511</u>	<u>24,194,144</u>

15. Loans

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amount falling due within one year or on demand:		
Loans	480,958	-
	<u>480,958</u>	<u>-</u>
Amount falling due between two and five years:		
Loans – 2-5 years	25,805,511	24,194,144
	<u>25,805,511</u>	<u>24,194,144</u>

16. Leasing agreements

Minimum lease payments fall due as follows:

	2022	2021
	£	£
Within one year	514,425	387,577
Between one and five years	1,639,412	1,752,398
In more than five years	146,250	1,336,07
	<u>2,300,087</u>	<u>2,273,582</u>

17. Secured Debts

The following secured debts are included within creditors:

	2022	2021
	£	£
Loans	26,286,469	24,194,144
	<u>26,286,469</u>	<u>24,194,144</u>

The loan facility provider has a fixed and floating charge over all the assets of the Company. The loan is repayable on 21 January 2026. The cash interest is 7% per annum.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

**18. Called up share capital
Issued, called up and fully paid**

	2022		2021	
	No	£	No	£
Ordinary shares of £ 1.00 each	420	420	420	420

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company.

19. Reserves

	Retained earnings	Share premium account	Total
	£	£	£
At 1 April 2021	9,751,060	471,700	10,222,760
Profit for the year	706,380	-	706,380
At 31 March 2022	10,457,440	471,700	10,929,140

20. Contingent Liabilities

As at 31 March 2022, the Company had no contingent liabilities (2021 : £Nil).

21. Capital Commitments

The Company had no capital commitments for the year ended 31 March 2022 (2021 : £Nil).

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2022

22. Related party transactions

3XL Aviation Limited

3XL Aviation is a company in which C Norton is a Director. 2Excel Aviation Limited invoiced 3XL Aviation for services amounting to £527,033 (2020: £309,8287). 3XL Aviation Limited owed £6,722 as at 31 March 2022 (2021 - £67,711).

Heathmatic Limited.

Heathmatic Limited is a company in which H Singh, a Director of the company, is the sole shareholder. The Company was invoiced by Heathmatic Ltd £125,000 (2020 - £125,000) for Director fees. There was no outstanding balance as of 31 March 2022 (or 2021).

Blades Racing Team Limited

Blades Racing Team Limited (BRT) is a company in which the Company owns 50% of its shareholding and A Offer is also a Director. As at 31 March 2022, BRT owed £2,280 (2021: the Company owed £57,322). In the year, 2Excel Aviation Limited invoiced BRT the amount of £2,372 (2021: £Nil).

Ampa Limited

Ampa Limited is a company in which H Singh, a Director of the company, is the sole shareholder. The Company was invoiced by Ampa Ltd £593,040 (2021: £Nil) for leasing fees. The outstanding balance as of 31 March 2022 was £237,216 (2021: £Nil).

21T Limited

21T Limited is a company in which the Company owns 33.33% of its shareholding and A Offer is also a Director. As at 31 March 2022, the Company has a balance receivable of £5,495,316 (2021: £5,495,316) due from 21T Limited. 2Excel Aviation Limited invoiced 21T Limited the amount of £4,919,860 (2021: £3,193,644). During the year, the loan to 21T Limited increased to £4,711,503 (2021 : £4,532,819).

2Excel Engineering Limited

2 Excel Engineering Limited (2EE) is a company in which C Norton is a Director. The company was invoiced £1,766,012 (2021: £1,512,259) for services delivered by 2EE and the company invoiced £241,873 (2021: £195,750) for services it delivered to 2EE. On 31 March 2022, the Company is owed by 2EE £3,265,475 (2021:- £2,937,383). During the year, 2EE paid £0 (2021 : £10,786) to 2 Excel Aviation Limited towards its loan. The balance outstanding as at 31 March 2021 is £3,077,825 (2021 : £3,077,825).

Loans to associates are unsecured and interest free.

The Company repaid £278,137 to the Directors during the year.

Management

All Directors have the authority and responsibility for planning, directing and controlling the activities of the company together with the board of management (13 individuals - £1,350,975) (2021: 15 - £1,494,586). All these staff are considered to be key management.

23. Controlling party

The ultimate controlling party is 2 Excel (Holdings) Limited, a company registered in England & Wales.

24. Reserves

Retained Earnings

Retained earnings include all current and prior period retained profits.

2 Excel Aviation Limited

**Notes to the financial statements (continued)
Year ended 31 March 2022**

25. Post Balance Sheet Event

There are no post balance sheet events requiring disclosures as at the date of approval of these Financial Statements.