

Registered number: 02347024

SLOANE HELICOPTERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



SLOANE HELICOPTERS LIMITED

COMPANY INFORMATION

Directors	D A George W J P Awenat G J George S G Underwood
Registered number	02347024
Registered office	Sywell Airport Business Park Wellingborough Road Sywell Northampton NN6 0BN
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
Bankers	National Westminster Bank Plc 40 Market Street Wellingborough Northants NN8 1AD
Solicitors	Holland & Knight (UK) LLP Tower 42 25 Old Broad Street London EC2N 1HQ

SLOANE HELICOPTERS LIMITED

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SLOANE HELICOPTERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Company has continued to focus on developing and improving the performance of its core business; that is the provision of engineering services, flight operations and flight training. The sale of helicopters, as the sole distributor for Leonardo Helicopters and joint dealer for Robinson Helicopters (RHC) in the United Kingdom and Ireland, remains an important aspect of the Company's activities but is seen as complementary to the core activities.

Business review

2019 saw a continued improvement in customer confidence with the sale of four new and two preowned AW109s, two R44 and one R66 helicopters. Turnover was marginally up on 2018 results at £30.5m; due mainly to the additional aircraft sales.

2019 also saw the operational commencement of the delayed air ambulance operation in Ireland in support of ICRR. This delay had a negative impact on the core activity results. The operation is based on two EMS helicopters, a prime and a back-up, located in Rathcoole and St Angelo respectively.

The Company took the decision to convert its US Dollar mortgage facilities into Sterling in December 2019, which saw a small profit materialise as well as reduce currency risk going forward. This currency risk has had a marked impact on results since Brexit in 2016.

The directors recognise the shareholder's continued support. The financial and organisational improvements coupled with the growing market confidence in the Leonardo products are expected to contribute to an increased margin and profitability over the coming years.

As a result of the above the net profit for the year has increased, as noted in the financial key performance indicators section below. As a result of the net profit for the year, net assets have increased from £5,158,027 to £5,649,646.

SLOANE HELICOPTERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The Company trades in Sterling, Euros and US Dollars. Potential risk exists from exposure to exchange rate fluctuations, which is managed by use of multi-currency accounts and, where possible, matching sales and purchases in the same currency.

Included within finished goods stock are unsecured deposits and stage payments placed with manufacturers. In the directors' opinion, the standing of Leonardo Helicopters and RHC makes the level of risk acceptable.

COVID-19 assessment

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Company's operations. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

In making these assessments the key scenarios and assumptions (including how long the effect of COVID-19 will last) are as follows:

- The Flying School activities suspended in respect of single engine training. Single engine training resumed on 6th July 2020.
- The Penzance to the Isles of Scilly operation was suspended from the 23rd March and restarted on the 4th July 2020, following further easing of lockdown restrictions. The majority of staff were furloughed during this period.
- Engineering personnel initially worked a week on week off roster but from May 2020, non-certifying and shielded engineers were placed on furlough with all licensed engineers returning to normal working hours.
- Half of the administrative personnel were placed on furlough. At the peak of lockdown the percentage of staff on furlough was approximately 48%.
- Administrative staff were encouraged to work from home on the basis that one person from each department was available in the office during normal working hours.

It is expected that from the 4th July, the company will be operating at close to capacity, with the return from furlough of non-certifying engineers and administrative staff in late summer.

- The Company has availed itself of the following HM Government reliefs:
 - Delayed PAYE and VAT payments;
 - 2020 1st Quarter VAT payment deferred 31st March 2021; and
 - PAYE payment deferred 22 July 2020 with a possibility of a further deferment via a time to pay arrangement.
- The Company has not as yet applied for additional funding through government guaranteed business loans, but may take advantage of a CBILS facility.

Although the forecast, prepared taking account of the matters above, supports the ability of the Company to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are difficult to predict and could be subject to significant variation.

The directors have concluded that these circumstances do not give rise to a material uncertainty and, given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts and the current resources available, the directors are of the opinion that they can continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustment that may arise in the event that the Company is unable to realise its assets and discharge its

SLOANE HELICOPTERS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

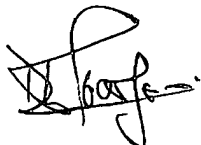
liabilities in the normal course of business.

Financial key performance indicators

	2019	2018
Turnover	30,535,131	29,333,220
Gross Profit	4,812,541	4,977,118
Net Profit	491,619	303,078
Net Profit %	1.61%	1.03%

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

D A George
Director



Date: 30 July 2020

SLOANE HELICOPTERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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;
- 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 £491,619 (2018 - £303,078).

Directors

The directors who served during the year were:

D A George
W J P Awenat
G J George
S G Underwood

Future developments

The directors intend for the Company to continue its strategy of organic growth.

SLOANE HELICOPTERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

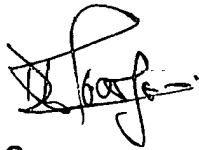
Post balance sheet events

There have been no significant events affecting the Company since the year end other than COVID-19 as discussed in note 2.3.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



D A George
Director

Date: 30 July 2020

SLOANE HELICOPTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLOANE HELICOPTERS LIMITED

Opinion

We have audited the financial statements of Sloane Helicopters Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

SLOANE HELICOPTERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLOANE HELICOPTERS LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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, 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.

SLOANE HELICOPTERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLOANE HELICOPTERS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

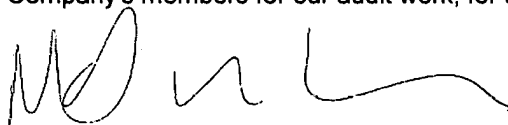
Auditor's responsibilities for the audit of the financial statements

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.

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

30 July 2020

SLOANE HELICOPTERS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	30,535,131	29,333,220
Cost of sales		(25,722,590)	(24,356,102)
Gross profit		4,812,541	4,977,118
Administrative expenses		(4,007,581)	(3,948,159)
Foreign exchange (loss)/gain	5	165,661	(380,116)
Other operating income	6	25,000	15,000
Operating profit	7	995,621	663,843
Interest receivable and similar income		20	-
Interest payable and expenses	11	(385,990)	(443,741)
Profit before tax		609,651	220,102
Tax on profit	12	(118,032)	82,976
Profit after tax		491,619	303,078
Retained earnings at the beginning of the year		317,027	13,949
		317,027	13,949
Profit for the year		491,619	303,078
Retained earnings at the end of the year		808,646	317,027

The notes on pages 14 to 30 form part of these financial statements.

SLOANE HELICOPTERS LIMITED
REGISTERED NUMBER: 02347024

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	9,750,205	10,518,373
Investments	14	50	50
		<u>9,750,255</u>	<u>10,518,423</u>
Current assets			
Stocks	15	4,028,041	5,176,011
Debtors	16	3,746,501	3,351,858
Cash at bank and in hand	17	766,665	530,280
		<u>8,541,207</u>	<u>9,058,149</u>
Creditors: amounts falling due within one year	18	(9,396,972)	(7,379,302)
Net current (liabilities)/assets		<u>(855,765)</u>	<u>1,678,847</u>
Total assets less current liabilities		<u>8,894,490</u>	<u>12,197,270</u>
Creditors: amounts falling due after more than one year	19	(3,209,788)	(7,039,243)
Provisions for liabilities			
Deferred tax	21	(35,056)	-
		<u>(35,056)</u>	<u>-</u>
Net assets		<u>5,649,646</u>	<u>5,158,027</u>
Capital and reserves			
Called up share capital	22	4,841,000	4,841,000
Profit and loss account	23	808,646	317,027
		<u>5,649,646</u>	<u>5,158,027</u>

SLOANE HELICOPTERS LIMITED
REGISTERED NUMBER: 02347024

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D A George', with a horizontal line drawn through the middle of the signature.

D A George
Director

Date: 30 July 2020

The notes on pages 14 to 30 form part of these financial statements.

SLOANE HELICOPTERS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	491,619	303,078
Adjustments for:		
Depreciation of tangible assets	956,106	960,231
Interest paid	385,990	443,741
Interest received	(20)	-
Taxation charge	118,032	(82,976)
Decrease/(increase) in stocks	1,147,970	(862,545)
(Increase)/decrease in debtors	(477,619)	47,835
(Decrease)/increase in creditors	(672,354)	1,051,464
Net cash generated from operating activities	1,949,724	1,860,828
Cash flows from investing activities		
Purchase of tangible fixed assets	(187,938)	(656,924)
Sale of tangible fixed assets	-	1,231,598
Interest received	20	-
Aircraft loan interest paid	(375,455)	(425,094)
Net cash from investing activities	(563,373)	149,580
Cash flows from financing activities		
Repayment of loans	(1,139,431)	(2,273,952)
Interest paid	(10,535)	(18,647)
Net cash used in financing activities	(1,149,966)	(2,292,599)
Net increase/(decrease) in cash and cash equivalents	236,385	(282,191)
Cash and cash equivalents at beginning of year	530,280	812,471
Cash and cash equivalents at the end of year	766,665	530,280
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	766,665	530,280
	766,665	530,280

SLOANE HELICOPTERS LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	530,280	236,385	766,665
Debt due after 1 year	(4,658,580)	3,913,779	(744,801)
Debt due within 1 year	(1,571,652)	(2,782,319)	(4,353,971)
	<u>(5,699,952)</u>	<u>1,367,845</u>	<u>(4,332,107)</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Sloane Helicopters Limited is a company limited by shares, registered in England and Wales, registered number 02347024. The registered office and principal place of business is Sywell Airport Business Park, Wellingborough Road, Sywell, Northamptonshire, NN6 0BN.

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:

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.2 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.

Deposits and stage payments received in respect of the purchase of helicopters are excluded from turnover and are shown in creditors. Helicopters are sold with parts and labour warranties for the first year and parts for years two and three. The cost of each warranty claim is recharged to the helicopter manufacturer.

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;
- 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had an impact on the company's operations as detailed in the Strategic Report. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

The directors have concluded that these circumstances do not give rise to a material uncertainty and, given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts and the current resources available, the directors are of the opinion that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the Company is unable to realise its assets and discharge its liabilities in the normal course of business.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings 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.

2.5 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.6 Finance costs

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

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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.

2.10 Tangible fixed assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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 property	- over the period of the lease
Plant and machinery	- over 5 to 10 years
Fixtures, fittings and equipment	- over 4 to 10 years
Helicopters	- 5 years straight line / engines over estimated flying lives and frames over 20 years

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 the Statement of Income and Retained Earnings.

2.11 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Investments in joint ventures

Investments in joint ventures are held at cost less impairment. Distributions received from the joint venture are recognised as income in the period they are received without regard for when these amounts arose within the joint venture company.

2.13 Stock and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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.

The value of work in progress consists of direct materials, labour and attributable production overheads, less foreseeable losses. No element of profit is included in the valuation of work in progress.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 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.

2.15 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.16 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.

2.17 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.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The depreciation of fixed assets is an area of significant estimation and is based on the directors estimate of the useful economic life of the assets, after making due allowance for any residual value. In particular, aircraft depreciation is calculated to allow for the differing useful economic lives of the aircraft airframes and engines, or over the term on the contractual operation of the aircraft.

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

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

	2019 £	2018 £
Aircraft	21,752,374	21,165,711
Engineering (external parts and servicing)	5,426,949	4,851,199
Flying school	439,855	360,024
Operational	2,915,953	2,956,286
	<u>30,535,131</u>	<u>29,333,220</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	15,310,830	23,927,056
Rest of Europe	15,224,301	5,406,164
	<u>30,535,131</u>	<u>29,333,220</u>

5. Foreign exchange

Due to movements in foreign exchange rates, a foreign exchange gain of £165,661 was incurred on conversion of the Company's US\$ mortgages into GBP mortgages. In the prior year a loss of £380,116 was incurred on revaluation of the Company's US\$ mortgages and other foreign currency derived financial instruments.

The foreign exchange profit/loss has been presented on the face of the Statement of Income and Retained Earnings so as to highlight its effect of profit in the current and prior year.

Before the foreign exchange gain (2018 - loss), an operating profit of £829,960 (2018 - £1,043,959) was achieved. After the foreign exchange gain (2018 - loss), an operating profit of £995,621 (2018 - £663,843) was achieved.

6. Other operating income

	2019 £	2018 £
Other operating income	<u>25,000</u>	<u>15,000</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	956,106	960,231
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	18,000	17,850
Operating lease rentals	696,990	632,691
	<u> </u>	<u> </u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	2,114,132	1,849,218
Social security costs	267,829	220,441
Cost of defined contribution scheme	142,182	136,613
	<u> </u>	<u> </u>
	<u>2,524,143</u>	<u>2,206,272</u>

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

	2019 No.	2018 No.
Production staff	55	48
Management staff	4	4
	<u> </u>	<u> </u>
	<u>59</u>	<u>52</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	285,497	242,736
Company contributions to defined contribution pension schemes	63,681	73,355
	<u>349,178</u>	<u>316,091</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £173,601 (2018 - £145,684).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £41,781 (2018 - £41,573).

During the year, the members of key management personnel, including the above directors, received total remuneration of £619,134 (2018 - £594,512).

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>20</u>	<u>-</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	10,535	18,647
Aircraft loan interest payable	375,455	425,094
	<u>385,990</u>	<u>443,741</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation

	2019 £	2018 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	118,032	(82,976)
Total deferred tax	118,032	(82,976)
Taxation on profit on ordinary activities	118,032	(82,976)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	609,651	220,102
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	115,834	41,819
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,756	6,556
Deferred taxation not recognised	-	(473,292)
Utilisation of tax losses	(134,317)	347,033
Differences in the rate of tax leading to an increase (decrease) in taxation	-	16,655
Other timing differences leading to an increase (decrease) in taxation	132,889	-
Changes in provisions leading to an increase (decrease) in the tax charge	1,870	(21,747)
Total tax charge for the year	118,032	(82,976)

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

	Leasehold property £	Plant, machinery and helicopters £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 January 2019	914,105	15,093,313	105,582	16,113,000
Additions	-	140,448	47,490	187,938
At 31 December 2019	<u>914,105</u>	<u>15,233,761</u>	<u>153,072</u>	<u>16,300,938</u>
Depreciation				
At 1 January 2019	384,390	5,143,677	66,560	5,594,627
Charge for the year on owned assets	28,012	886,745	41,349	956,106
At 31 December 2019	<u>412,402</u>	<u>6,030,422</u>	<u>107,909</u>	<u>6,550,733</u>
Net book value				
At 31 December 2019	<u>501,703</u>	<u>9,203,339</u>	<u>45,163</u>	<u>9,750,205</u>
At 31 December 2018	<u>529,715</u>	<u>9,949,636</u>	<u>39,022</u>	<u>10,518,373</u>

14. Fixed asset investments

	Investment in joint ventures £
Cost or valuation	
At 1 January 2019	50
At 31 December 2019	<u>50</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Stocks

	2019 £	2018 £
Parts	2,117,263	1,857,196
Work in progress	462,753	330,185
Finished goods and goods for resale	1,448,025	2,988,630
	<u>4,028,041</u>	<u>5,176,011</u>

16. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	-	171,358
Prepayments and accrued income	69,187	-
	<u>69,187</u>	<u>171,358</u>
Due within one year		
Trade debtors	1,596,182	1,401,778
Other debtors	242,847	-
Prepayments and accrued income	1,838,285	1,695,746
Deferred taxation	-	82,976
	<u>3,746,501</u>	<u>3,351,858</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>766,665</u>	<u>530,280</u>

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	4,327,134	1,552,786
Trade creditors	2,363,943	1,807,733
Other taxation and social security	1,027,477	342,692
Other creditors	38,631	30,946
Accruals and deferred income	1,639,787	3,645,145
	<u>9,396,972</u>	<u>7,379,302</u>

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

	2019 £	2018 £
Bank loans	744,801	4,658,580
Other creditors	2,464,987	2,380,663
	<u>3,209,788</u>	<u>7,039,243</u>

20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank and other loans	4,327,134	1,552,786
Amounts falling due 1-5 years		
Bank and other loans	744,801	4,658,580
	<u>5,071,935</u>	<u>6,211,366</u>

Bank and other loans

Included in Bank and other loans are aircraft mortgages amounting to £4,557,675 (2018 - £6,093,659) which are secured on five of the Company's aircraft that are included in fixed assets. The net book value of the aircraft secured amounts to £8,915,300 (2018 - £9,776,346).

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Deferred taxation

	2019 £	2018 £
At beginning of year	82,976	-
Charged to profit or loss	(118,032)	82,976
At end of year	<u>(35,056)</u>	<u>82,976</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(424,463)	(392,630)
Tax losses carried forward	387,538	475,606
Movement in provisions	1,869	-
	<u>(35,056)</u>	<u>82,976</u>

Deferred tax has been calculated at the applicable tax rate of 19% (2018 - 17%). At Budget 2016, the government announced that the Corporation Tax main rate would reduce to 17% from April 2020. At Budget 2020, the government announced that the Corporation Tax main rate would remain at 19%.

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
4,840,010 (2018 - 4,840,010) "A" Ordinary shares of £1.00 each	4,840,010	4,840,010
990 (2018 - 990) "B" Ordinary non-voting shares of £1.00 each	990	990
	<hr/> 4,841,000 <hr/>	<hr/> 4,841,000 <hr/>

The 'A' Ordinary shares convey the following rights:

- on return of capital on winding up the 'A' ordinary shareholders will be paid the sum of £1 per share in preference to the 'B' ordinary shareholders.
- 'A' ordinary shareholders have a right to a dividend.
- 'A' ordinary shareholders have a right to vote.

The 'B' ordinary shares convey the following rights:

- on return of capital on winding up the 'B' ordinary shareholders will be paid the sum of £1 per share after payment to the 'A' ordinary shareholders.
- 'B' ordinary shareholders have a right to a dividend.
- 'B' ordinary shareholders have no voting rights.

23. Reserves**Profit and loss account**

Includes all current and prior period retained profits and losses.

24. Contingent liabilities

The Company has guarantees to HMRC of £280,000 (2018 - £280,000).

SLOANE HELICOPTERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	466,677	683,226
Later than 1 year and not later than 5 years	165,811	616,268
Later than 5 years	545,325	581,680
	<u>1,177,813</u>	<u>1,881,174</u>

26. Related party transactions

During the year the Company traded with an entity under common control, making sales amounting to £73,337 (2018 - £85,567) and purchases amounting to £43,494 (2018 - £95,415) to/from this connected entity. At the balance sheet date £55,266 was owed by this connected entity (2018 - £36,828) and £52,183 was owed to this connected entity (2018 - £43,003).

Included within creditors due after one year is an amount of £2,464,987 (2018 - £2,380,663) owed to a director, which is unsecured and interest free. During the year advances to the Company of £165,255 (2018 - £15,716) and repayments by the Company of £80,930 (2018 - £40,135) were made.

The premises from which the Company operates are owned by a director. The Company paid rent of £15,000 (2018 - £15,000) during the period to this director in respect of the rental of these premises.

A director has given personal guarantees in favour of the Company, in relation to loan and bank finance amounting to £5,071,935 (2018 - £6,211,366).

During the year the Company traded with a joint venture company, owning 50% of the issued share capital. During the year the Company made sales amounting to £93,833 (2018 - £138,194) and purchases amounting to £Nil (2018 - £33,000) to/from the joint venture company. At the balance sheet date £360 (2018 - £100) was owed by the joint venture company to the Company.

27. Controlling party

The ultimate controlling party is D A George.