Company Registration No. 04299549

TCR UK Limited

Annual report and financial Statements

Year ended 30 June 2020

TCR UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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TCR UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B Biebuyck
T J W Bellekens
K Philips (Resigned 1st May 2021)
J De Leeuw (Resigned 1st May 2021)
P Belien (Appointed 1st May 2021)

SECRETARY

P E M G de Hemptinne

REGISTERED OFFICE

Dixcart House
Addlestone Road
Bourne Business Park
Addlestone
Surrey
KT15 2LE

BANKERS

HSBC Bank Plc
10 Market Place
Saffron Walden
Essex
CB10 1JX

SOLICITORS

Dixcart Legal Limited
Dixcart House
Addlestone Road
Bourne Business Park
Addlestone
Surrey
KT15 2LE

STATUTORY AUDITOR

Deloitte LLP
Statutory Auditor
110 Queens Street
Glasgow
G1 3BX
United Kingdom

TCR UK Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activities of the TCR UK Limited ("**TCR**", "**Company**") are the rental and maintenance of ground support equipment at UK airports. TCR provides Ground Service Equipment (GSE) operational leasing to its customers; TCR the selection, purchasing, procurement and financing of the GSE, delivering superior value to its customers.

TCR also provides maintenance and ramp assistance to its customers. To achieve objectives and fulfil its potential TCR has state of the art workshops, manages its own spare parts and has mobile workshops for airside support.

TCR also helps its customers with fleet management by advising on fleet size and selection of GSE for specific needs and providing economic data on services, costs and asset utilisation.

STRATEGIES FOR ACHIEVING THOSE OBJECTIVES

TCR's strategy is to strengthen the relationship of existing customers while continuing to develop its network and footprint externally with new customers.

TCR'S BUSINESS MODEL

Ground handling is a sophisticated "Just in Time" business made up of complex processes in which GSE is a strategic component. TCR's business model adds value to the ground handling industry by providing improved operations, higher flexibility, lowering variable costs, mitigating the risk on repair and maintenance facilities and specialised know-how to enhance safety and security.

Section 172 statement:

This section describes how the directors of the Company have had regard to matters set out In S172(1) a to f of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Stakeholders:

The directors consider that the following groups are the Company's main stakeholders

Employees: The success of the business is not possible without its people. Our people rely on the directors to create a stable employment environment and promote opportunities to reach their full potential.

Customers: The future success of the Company is driven by its ability to create value for its customers

Suppliers: The Company relies on and engages positively with its suppliers to ensure that it can deliver a high quality service to its customers.

Investors: The Company relies on debt and equity funding as essential sources of capital to deliver its business objectives.

Community: The community relies on the Company for employment opportunities and requires it to behave professionally and to comply with all legislation.

Having regard to the likely consequences of any decisions in the long term:

The GSE sector is fast-paced and highly competitive. The Directors remain mindful that strategic decisions can have long term implications on stakeholders. These implications are carefully assessed. During the year in approving the budget the Directors balanced:

- The need for capital expenditure on existing workshops and GSE to ensure the Company retains and improves operational excellence
- The risks that COVID-19 presented to the business and its stakeholders

Having regard to the interests of employees

Employee Engagement:

- The Company conducts an employee engagement survey every 18 months
- The survey measures the EEI (Employee Engagement Index) and is measured on 5 key areas around management & leadership, communication & training, employee commitment, dedication and pride to work for TCR.
- Action plans are developed from the overall results based on areas of improvement and to retain high-scoring areas.

Employee Representation:

- Trade Union recognition exists in some TCR Stations.
- Local relationships are established between station and local union representatives.
- Structured relationships exist between senior management and full time union officials.
- Regular meetings are held to discuss business updates, local initiatives and policy changes. The meetings are two-way and employees' feedback is discussed.

Training & Development:

- The Company employs technical apprentices whose courses are funded through the apprenticeship levy scheme.
- The Company is investing in e-learning tools to enhance its comprehensive training program for technicians.
- The Company has recently invested in a full time technical training manager to ensure training is targeted, appropriate and value-adding.

Having regard to the need to foster good relationships with customers, suppliers and others

Customers:

In such a highly competitive and value-driven sector it is imperative that the Company enjoys strong customer sentiment. The Company assigns relationship managers for each customer at executive level to ensure strategic dialogue. Individual stations are responsible for developing positive operational relationships.

Suppliers:

The Directors seek to balance the maintenance of strong partnerships with the need to obtain value for money for the Company's investors. The Directors also focus on procuring high-quality components and services for the good of its customers. See also below how the Directors seek to maintain a reputation for ethical conduct in relation to anti-money-laundering and anti-bribery legislation.

Having regard to the impact of the Company's operations on the community and environment

The Directors take seriously and the Company is supportive of the requirement to reduce adverse impacts on the environment and the community when taking commercial and other decisions.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

During the year the Directors and Executive team received training on legislation relating to anti-bribery and anti-money laundering.

KEY PERFORMANCE INDICATORS AND BUSINESS REVIEW

TCR performed reasonably well financially and operationally during the financial year given the unprecedented challenges presented by the COVID-19 crisis. Management consider the following KPIs essential in understanding business performance and monitor them monthly and annually:

	30 June 2020	30 June 2019
Debtor days	58	66
Overdue Services	2%	6%
Gross Profit	41%	46%
EBIT	(2%)	3%

Overdue Services (percentage of GSE for which services took place after the scheduled date) were improved versus with last year reflecting additional efficiencies in the operation. TCR gives servicing vehicles on time a prime importance and overdue servicing is constantly monitored.

Debtor days (outstanding trade debtors at balance sheet date divided into annual revenue times 365) was lower than last year. This includes the impact of two customers falling into liquidation and payments being delayed at the year end from several customers due to the COVID-19 crisis. Payment plans have been put in place and the business continues to monitor adherence with most customers remaining compliant. Revenue declined 10% due to a customer failure following the Thomas Cook collapse and the COVID-19 pandemic's impact in the last quarter of the financial year. Utilisation of the UK government's Job Retention Scheme of £873k and strong cost control resulted in Gross profit margin declining by only 5%. EBIT fell by 5% as the Company's facilities costs are fixed in the short run and the Company continued to invest in its support functions and workshops. TCR also took advantage of HMRC's offer to defer VAT and at the balance sheet date had £1.07m of VAT deferred. Such Deferred VAT is being repaid to HMRC in line with agreed schedules.

Net assets have decreased due to the impact on overall profitability described above, however, the business has invested in working capital to ensure that it can successfully navigate the COVID-19 crisis with a Current Ratio of ***3.3:1*** in June 2020 compared with a Current Ratio of ***1:1*** in June 2019.

RISK MITIGATION MODEL

TCR's business model has proved highly resilient to economic turmoil over the past few years. These are the main drivers in the risk mitigation model:

- Strong commercial relations - TCR can rely on strong and long contractual relationships with most of its customers. GSE is part of an airport's critical infrastructure but can be moved from one customer to another.
- Limited competition - there are high barriers to entry and exit. Being part of a global group enables TCR to cope with very dynamic contracts at multiple locations.
- Alternatives for non-rented equipment - as TCR benefits from a wide network of principally standard equipment, TCR can redirect used equipment to other customers. TCR also benefits from a developed network of second-hand equipment.

PRINCIPAL RISKS AND UNCERTAINTIES

COVID-19

All of TCR's sites have remained open and operational throughout the COVID-19 crisis and TCR has operated according to government guidance. The crisis has severely impacted the travel and aviation industries and the Company has taken the following measures:

- Completion and on-going review of COVID-19 risk assessments
- Daily management update call
- Furlough of staff in excess of operational requirements
- Setting up home working for employees wherever possible
- Additional cleaning routines and frequent sanitisation of common touchpoints in the workshops, GSE, offices and rest areas
- Social distancing measures including for site visitors and sub-contractors
- Managing transmission risk where social distancing is not always possible

TCR is working with its customers to coordinate and support them commercially and operationally and to ensure compliance with any COVID-19 measures

BREXIT

TCR assessed the potential impact of Brexit and believe exposures are mitigated through

- Cheaper Sterling may increase inbound tourism and related air traffic
- Maintenance of increased stock of new and second hand GSE and spare parts inventory to overcome short-run distribution challenges
- Increasingly diverse customer base
- Investment in procurement function to optimise supply chain
- Investment in finance function to strengthen forecasting, analytical and treasury activity

The directors believe that while the COVID-19 crisis has depressed air traffic, GSE remains an essential and strategic component of the airlines' critical operation. The Company continues its efforts to develop its rental activities at all airports where it is already active as well as at new airports. The directors regard such efforts as necessary to reach the expected growth of the business and to keep its leadership position of the ground support equipment rental market intact. TCR expects therefore to come back to acceptable levels of activity once the COVID-19 crisis is over and that growth opportunities will manifest with existing and/or new customers.

Approved by the Board of Directors and signed on its behalf by:

P Belien

Director

30 June 2021

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ending 30 June 2020.

SUBSEQUENT EVENTS

Subsequent to the balance sheet date the Company made the decision to restructure the business due to the continued impact of COVID-19. The restructuring was completed in January 2021 and resulted in a material reduction in the workforce producing structural savings to offset continued reductions in revenue: 66 employees were impacted and the Company incurred one-off costs of c£0.9m. The Company considers this to be a non-adjusting event as it was not demonstrably committed to this action at the balance sheet date.

GOING CONCERN

These financial statements were prepared at a time of unprecedented uncertainty due to the global COVID-19 pandemic. The business has prepared forecasts and budgets covering the period to June 2022 which takes into account reductions in revenue and margin as a result of the continuing COVID-19 pandemic. The business continues to trade well and in line with these updated forecasts, is solvent and has a strong liquidity position with available funds from secured facilities and cash. However, the Directors are aware that the business is financed by loan facilities from the TCR group which has also been impacted by the continuing COVID-19 pandemic and have therefore made enquiries and considered the financial position of the wider group. Whilst trading for the group also remains strong, sensitised downside group forecasts indicate a potential breach of future covenants on the facilities available to the group which could have a knock on impact on the company. As such, the fact that TCR group would be reliant on the actions of lenders or investors, which are not committed at the time of signing these accounts, to cure any potential breach the Directors consider that this constitutes a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors note that the group maintains good relationships with its lenders and has two well-capitalised and, in their view, supportive institutional investors for which TCR is a material investment.

TCR also has the support of TCR International NV and will rely on TCR International NV if needed for a period of at least 12 months from the date of signing the annual report.

Notwithstanding the existence of this material uncertainty, the directors remain confident that the business can continue to perform in line with forecasts and as such believe it remains appropriate to prepare these financial statement on a going concern basis.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it principally credit risk.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company has an element of credit risk, as exposure is spread over only a few significant customers, however tight credit control is in place to ensure the risk is managed accordingly.

RESULTS AND DIVIDENDS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend (2019: £nil).

DIRECTORS

The directors who served the Company during the year and to the date of signing are listed on page 1.

POLITICAL CONTRIBUTIONS

The Company made no political donations nor incurred any political expenditure during the year.

ENERGY AND CARBON REPORTING

GHG Emissions and energy usage data for period 1 July 2019 to 30 June 2020	
	UK And Offshore
	2020
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	**208**
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO_2e)	**259**
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	**253**
Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel (Scope 3 – tonnes of CO_2e)	**2**
Total gross CO_2e based on above	**722**
Energy consumption used to calculate emissions – kwh	**2,214,238**
Tonnes of CO_2e per £m revenue	**20**

Reporting Boundary and Methodology

The reporting boundary for the above data is TCR and its 100% subsidiary TMS Ltd.

The Company has followed the 2019 UK Government environmental reporting guidance. It has used the GHG Protocol Corporate Accounting And Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures

Energy Efficiency Actions Taken

There has been no usage of electricity from renewable sources and no on-site production of electricity.

In the reporting period the Company has worked to replace standard lighting within its workshops with energy-efficient lighting. This is an on-going project.

The parent Company, TCR International NV, has commenced an annual report on corporate and social responsibility and has a three star ranking in the GRESB Benchmark report 2019. The GRESB Benchmark Report provides an in-depth analysis of the sustainability performance of any Company participating in the GRESB assessments. This exercise will give insight into the main contributors of greenhouse gas emissions and lead to actions across the group and within TCR to reduce such emissions.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

OTHER INFORMATION

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report on pages 2 to 5.

Deloitte LLP have been deemed to be re-appointed under section 487 of the 2006 Companies Act.

Approved by the Board of Directors and signed on its behalf by:

P Bellen

Director

30 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TCR UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TCR UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the accounting policies; and
- the related notes 1 to 20.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the accounting policy note in the financial statements which indicates that the company is financed by facilities from the wider TCR group which has been impacted by the continuing COVID-19 pandemic and is forecasting a potential breach in its covenants meaning it may be reliant upon actions of lenders or investors which are not committed at this time. As stated in the accounting policy note, these events or conditions, along with the other matters as set forth in the accounting policy note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TCR UK LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TCR UK LIMITED

Use of our report

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

David Mitchell

David Mitchell CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 June 2021

STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended 30 June 2020

	Note	2020 £	2019 £
TURNOVER	3	36,977,119	41,412,382
Cost of sales		(21,526,621)	(22,385,053)
GROSS PROFIT		15,450,498	19,027,329
Administrative expenses		(17,053,508)	(17,930,893)
Other Operating Income		873,037	-
OPERATING PROFIT/(LOSS)	4	(729,973)	1,096,436
Interest receivable and similar income	6	8,530	2,752
Interest payable and similar charges	7	(2,922,948)	(2,291,438)
LOSS ON ACTIVITIES BEFORE TAXATION		(3,644,391)	(1,192,250)
Tax credit on loss on activities	8	491,764	235,027
LOSS ON ACTIVITIES AFTER TAXATION		(3,152,627)	(957,223)
Retained Earnings at beginning of the period		3,815,158	4,772,381
Retained Earnings at end of the period		662,531	3,815,158

All amounts relate to continuing activities.

The Company has no comprehensive income other than that in the statement of income and retained earnings.

The notes on pages 15 to 24 form an integral part of these financial statements.

BALANCE SHEET
Year ended 30 June 2020

	Note		2020 £		2019 £
FIXED ASSETS					
Tangible assets	9		48,534,134		47,490,990
Investment	18		1		1
Intangible assets	10		29,750		36,750
CURRENT ASSETS					
Stocks	11	1,079,710		1,054,776	
Debtors	12	8,023,682		9,661,475	
Cash at bank and in hand		19,373,314		1,803,237	
		28,476,706		12,519,488	
CREDITORS: amounts falling due within one year	13	(8,503,060)		(11,895,491)	
Net current assets			19,973,646		623,997
TOTAL ASSETS LESS CURRENT LIABILITIES			68,537,531		48,151,738
CREDITORS: amounts falling due after one year	14		(66,600,000)		(43,000,000)
Provisions for liabilities			-		(61,580)
NET ASSETS			1,937,531		5,090,158
CAPITAL AND RESERVES					
Called up share capital	16		1,275,000		1,275,000
Retained earnings			662,531		3,815,158
TOTAL SHAREHOLDER'S FUNDS			1,937,531		5,090,158

The financial statements of TCR, registered number 04299549, were approved by the Board of Directors and authorised for issue on 30 June 2021.

Signed on behalf of the Board of Directors by:

P Belien
Director

The notes on pages 15 to 24 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

1. ACCOUNTING POLICIES

TCR is a private Company limited by shares and incorporated and domiciled in England and Wales, Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Envol Holdings Ltd, includes the Company in its consolidated financial statements. The Company is therefore exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements and as such only the results of the Company are included in these financial statements. The consolidated financial statements of Envol Holdings Ltd are available to the public and may be obtained from 12 Castle Street, St Hellier, Jersey JE2 3RT. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

These financial statements were prepared at a time of unprecedented uncertainty due to the global COVID-19 pandemic. The business has prepared forecasts and budgets covering the period to June 2022 which takes into account reductions in revenue and margin as a result of the continuing COVID-19 pandemic. The business continues to trade well and in line with these updated forecasts, is solvent and has a strong liquidity position with available funds from secured facilities and cash. However, the Directors are aware that the business is financed by loan facilities from the TCR group which has also been impacted by the continuing COVID-19 pandemic and have therefore made enquiries and considered the financial position of the wider group. Whilst trading for the group also remains strong, sensitised downside group forecasts indicate a potential breach of future covenants on the facilities available to the group which could have a knock on impact on the company. As such, the fact that TCR group would be reliant on the actions of lenders or investors, which are not committed at the time of signing these accounts, to cure any potential breach the Directors consider that this constitutes a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors note that the group maintains good relationships with its lenders and has two well-capitalised and, in their view, supportive institutional investors for which TCR is a material investment.

TCR also has the support of TCR International NV and will rely on TCR International NV if needed for a period of at least 12 months from the date of signing the annual report.

Notwithstanding the existence of this material uncertainty, the directors remain confident that the business can continue to perform in line with forecasts and as such believe it remains appropriate to prepare these financial statement on a going concern basis.

Foreign Currency

Transactions in foreign currencies are translated to the Company's functional currency, Sterling, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income and retained earnings.

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

1. **ACCOUNTING POLICIES (CONTINUED)**

Basic Financial Instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Turnover

Turnover is stated net of value added tax. Turnover is recognised when the services are delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Intangible fixed assets and amortisation

Goodwill

Goodwill resulting from a purchase of another Company is treated as an intangible asset. Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite life of goodwill is estimated to be 10 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Software	33% straight line
Leasehold property – short term	Over the life of the lease
Plant and machinery	20% straight line
Fixtures, fittings and equipment	10% – 33% straight line
Ground support equipment	8% – 20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes materials and net realisable value is based on estimated selling price.

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Employee benefits

The Company operates a defined contribution pension scheme for employees. 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 statement of income and retained earnings in the periods during which services are rendered by employees. The assets of the scheme are held separately from those of the Company. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet at year end.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Group relief is transferred from other companies from within the tax group at £nil consideration.

Leases

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of income and retained earnings on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Expenses

Interest receivable and Interest Payable

Interest payable and similar charges include finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Government Grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised 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.

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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. No critical accounting judgements or sources of estimation uncertainty have been identified.

3. TURNOVER

The turnover and result for the year are attributable to the principal activities of the Company being the rental and maintenance of ground support equipment at UK airports. All activities arise in the United Kingdom.

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging.

	2020 £	2019 £
Depreciation	8,520,141	7,518,902
Amortisation	7,000	7,000
Foreign exchange losses	295,502	163,609
Stock recognised as an expense	4,061,334	4,564,572
Defined contribution pension	482,227	335,363
Job Retention Scheme grant	(873,037)	-
Operating lease rentals – land and buildings	1,655,914	1,689,703
Operating lease rentals – other	80,858	81,839
Auditor's remuneration – audit fees	36,970	36,050
Other professional services	99,000	28,000

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of staff employed (including directors) by the Company during the financial period, analysed by category was as follows:

	2020 No.	2019 No.
Production staff	179	177
Administration staff	35	38
Management staff	10	11
	224	226

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

The aggregate payroll costs of the above (including directors) were:

	2020	2019
	£	£
Wages and salaries	8,266,029	8,645,767
Social security costs	849,168	906,227
Defined contribution pension	482,227	335,363
	9,597,424	9,887,357

The directors of the Company received no emoluments for services provided to this Company in the current financial period. Total payments of £136,984 (2019: £144,474) have been made to entities in the Group for director services. The directors consider themselves to be the Company's only key management personnel.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Bank interest receivable	8,530	2,752

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
Interest payable on intercompany loan	2,682,363	2,228,673
Interest payable on capex facility	240,585	62,765
	2,922,948	2,291,438

8. TAX ON LOSS ON ACTIVITIES

Total tax expense recognised in the statement of income and retained earnings, other comprehensive income and equity

	2020		2019	
	£	£	£	£
Current tax				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		26,989
Total current tax		-		**26,989**
Deferred tax				
Origination and reversal of timing differences	(527,462)		(264,321)	
Adjustment in respect of prior periods	30,477		2,305	
Change in tax rate	5,221		-	
Total deferred tax		**(491,764)**		**(262,016)**
Total tax (Credit) / Charge		**(491,764)**		**(235,027)**

Reconciliation of effective tax rate	2020	2019
	£	£
Loss for the year	(3,152,627)	(957,223)
Total tax credit	(491,764)	(235,027)
Loss excluding taxation	(3,644,391)	(1,192,250)
Tax using the UK corporation tax rate of 19% (2019: 19 %)	(692,435)	(226,528)
Effects of:		
Reduction in tax rate on deferred tax balances		31,097
Non-deductible expenses	3,650	13,081
Fixed asset differences	55,031	45,645
Group relief surrendered /(claimed)	106,291	(126,842)
Adjustments to tax charge in respect of previous periods - deferred tax	30,477	28,520
Adjust opening deferred tax to average rate of 19.00%	5,222	-
Total tax credit included in profit or loss	**(491,764)**	**(235,027)**

Factors that may affect future tax charges

The standard rate of tax applied to reported losses is 19%. In the Chancellor's Budget on 3 March 2021, it was announced that the UK rate of corporation tax will increase from 19% to 25% on 1 April 2023.

9. TANGIBLE FIXED ASSETS

	Software	Leasehold property short term	Plant and machinery	Ground support equipment	Fixtures, fittings and equipment	Total
	£	£	£	£	£	£
Cost						
At 1 July 2019	149,018	1,946,314	1,697,651	75,660,178	2,659,925	82,113,086
Additions	-	482,768	534,776	9,125,396	1,716	10,144,656
Disposals	-	-	-	(2,165,757)	-	(2,165,757)
At 30 June 2020	149,018	2,429,082	2,232,427	82,619,817	2,661,641	90,091,985
Depreciation						
At 1 July 2019	103,116	890,077	1,275,253	30,531,433	1,822,217	34,622,096
Charge for the year	19,723	289,778	210,850	7,741,266	258,524	8,520,141
Disposals	-	-	-	(1,584,386)	-	(1,584,386)
At 30 June 2020	122,839	1,179,855	1,486,103	36,688,313	2,080,741	41,557,851
Net book value						
At 30 June 2020	26,179	1,249,227	746,324	45,931,504	580,900	48,534,134
At 30 June 2019	45,902	1,056,237	422,398	45,128,745	837,708	47,490,990

As at 30th June 2020 the Company had total capital commitments contracted for, but not provided in the financial statements, of £0.6m (2019: £nil) in respect of Ground Support Equipment.

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

10. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 July 2019	70,000
Additions	-
At 30 June 2020	70,000
Amortisation	
At 1 July 2019	33,250
Charge for the year	7,000
At 30 June 2020	40,250
Net book value	
At 30 June 2020	29,750
At 30 June 2019	36,750

On 13 October 2014 TCR purchased trade and assets of TGM Group Limited. Trade and assets had a book value of £54,000 and TCR paid £124,000, giving rise to goodwill of £70,000.

11. STOCKS

	2020 £	2019 £
Raw materials	930,342	814,530
Work in progress	149,368	240,246
	1,079,710	1,054,776

12. DEBTORS

	2020 £	2019 £
Trade debtors	5,875,034	7,508,326
Amounts due from group undertakings	796,955	52,476
Prepayments and other debtors	85	1,485,511
Accrued Income	680,087	421,499
Corporation Tax Debtor	193,663	193,663
Deferred Tax Asset	477,858	-
	8,023,682	9,661,475

Amounts due from group undertakings is a trading balance and is repayable on demand. There is no interest charged on trading balances.

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	105,687	4,690,400
Amounts owed to group undertakings	6,393	1,166,420
Other taxation and social security	959,018	886,764
Accruals and deferred income	7,431,962	2,651,907
Long Term Capex Facility	-	2,500,000
	8,503,060	11,895,491

Amounts due to group undertakings is a trading balance and is repayable on demand. There is no interest charged on trading balances.

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £	2019 £
Intercompany loan	43,000,000	43,000,000
Long Term Capex Facility	23,600,000	-
	66,600,000	43,000,000

The intercompany loan is with Envol Investments Limited from 29th June 2018, the principal amount being £43,000,000 interest rate of 6 % per annum and repayment date is 26th July 2028. The long term capex facility is a loan with Envol Investment Limited and is repayable in June 2023 with interest at LIBOR plus 1.75%. The facility balance was reclassified during the period from current to non-current.

15. DEFERRED TAX

	Deferred Taxation £
Deferred tax liability brought forward	(13,906)
Credit to P&L in the year	491,764
Deferred tax asset carried forward	477,858

The elements of deferred taxation are as follows:	**2020** £	**2019** £
Difference between accumulated depreciation and capital allowances	(446,651)	(29,607)
Other timing differences	78,743	15,701
Losses and other deductions	845,766	-
	477,858	(13,906)

16. SHARE CAPITAL

	2020 £	**2019** £
Authorised share capital:		
2,000,000 (2019: 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000
Called up, allotted and fully paid		
1,275,000 (2019: 1,275,000) ordinary shares of £1 each	1,275,000	1,275,000

17. OPERATING LEASES

At 30 June 2020 the Company was committed to making the following payments in respect of operating leases:

	2020		**2019**	
	Land and buildings £	**Other** £	**Land and buildings** £	**Other** £
Operating leases:				
Within one year	926,270	57,994	1,018,435	67,502
In the second to fifth years inclusive	1,185,070	108,202	1,881,914	172,117
More than five years	-	-	294,813	-
	2,111,340	166,196	3,195,162	239,619

During the year to 30 June 2020 £1,736,772 was recognised as an expense in the statement of income in respect of operating leases (2019: £1,771,542).

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 30 June 2020

18. FIXED ASSET INVESTMENT

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

Subsidiaries	Country of incorporation	Registration Number	Profit for the year	Capital And Reserves	Principal Activity	Type of shares held	Proportion Held
Technical Maintenance Solutions Limited	England and Wales	11970166	£1,113,868	£1,113,869	Maintenance of Ground Service Equipment	Ordinary	100%

The registered address of Technical Maintenance Solutions UK Limited is Dixcart House, Addlestone Road, Bourne, Business Park, Addlestone, Surrey, KT15 2LE

Subsidiary undertakings

	£
Cost	
At 1 July 2019	1
Additions	-
Disposals	-
Carrying Value	1

There has been no impairment to this investment

19. ULTIMATE PARENT COMPANY

The immediate parent Company of TCR is TCR Nederland BV which is a wholly owned subsidiary of T.C.R International. Envol Holdings Ltd, a Company incorporated in Jersey is the controlling party of the smallest and largest group of which TCR is a member and is the ultimate parent Company of the smallest and largest group for which the consolidated accounts are prepared which include this Company. Copies of the financial statements of Envol Holding Ltd. are available upon request at 12 Castle Street, St Hellier, Jersey JE2 3RT.

20. SUBSEQUENT EVENTS

Subsequent to the balance sheet date the Company made the decision to restructure the business due to the continued impact of COVID-19. The restructuring was completed in January 2021 and resulted in a material reduction in the workforce producing structural savings to offset continued reductions in revenue: 66 employees were impacted and the Company incurred one-off costs of c£0.9m. The Company considers this to be a non-adjusting event as it was not demonstrably committed to this action at the balance sheet date.