



Company Registration No. 04343035 (England and Wales)

Quadrant Group Limited

**Annual report and
group financial statements
for the year ended 31 May 2023**

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Quadrant Group Limited

Company information

Directors	D J Coghlan M V Male T J Morley J Sandiford P M Rae
Secretary	T J Morley
Company number	04343035
Registered office	41 - 47 Seabourne Road Bournemouth Dorset BH5 2HU
Independent auditor	Saffery LLP Midland House 2 Poole Road Bournemouth Dorset BH2 5QY

Quadrant Group Limited

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Quadrant Group Limited

Strategic report

For the year ended 31 May 2023

The directors present the strategic report for the year ended 31 May 2023.

Review of Business

The group saw a substantial improvement in results from continuing operations in the year. As the aviation industry continued its recovery following the Covid-19 pandemic, the requirements for new Air Traffic Controllers and Air traffic control simulators steadily increased. The focus of the group in this area meant it has been able to make the most of these requirements.

Reviewing the material businesses individually:

Micro Nav Limited (MNL)

MNL had another successful year, with the conversion of a number of contracts in several locations around the world leading to a significant growth in profits. MNL remains a leader in its market and continues to pursue a range of strong opportunities which will add to the positive outlook for the year ahead.

Global ATS Limited (GATS)

GATS saw good growth in the year as it was able to operate courses at more efficient capacity rather than the restricted volumes during the pandemic. This in turn enabled a creditable turnaround in results back to reasonable levels of profitability. While volumes have not yet reached pre-pandemic levels, this was partly due to the large increase in air traffic movement and the need for controllers to be on station rather than training. The directors continue to believe that much of the deferred training of air traffic controllers will still be required, and that a significant catch-up of customer orders is emerging. GATS saw a much stronger second half of the year and the expectation is that this growth will continue bringing GATS ahead of pre-pandemic volumes by the end of the 2023/24 fiscal year.

Quest Flight Training Limited (QUEST)

QUEST has had another successful year, with aircrew training provided to the Royal Air Force, the French Air Force and the Royal Saudi Air Force during the year. Customer feedback has confirmed that all training was delivered to a high standard and availability of the Simulator has been extremely good. Following the RAF's withdrawal from the E-3D sentry aircraft QUEST agreed contract modifications with the UK Ministry of Defence to enable continuation of E-3 training services to third party air forces until March 2026.

Quadrant Group Limited

Strategic report (continued) For the year ended 31 May 2023

Business Outlook

The overall outlook for the group remains solidly positive, underpinned by the focus on, and the number of significant contracts won, in the Air Traffic Control (ATC) training sector. The significant recovery in air travel following the pandemic and the continuing structural world-wide shortage of air traffic controllers are leading to increased ATC training requirements for the foreseeable future. The group's leadership position in this field is a valuable strategic asset.

The group invests in R&D on an ongoing basis and tracks the impact of technology advances and potential regulatory changes in its business segments. Investment continues in Micro Nav's world leading ATC simulator product, BEST, through both Group-funded activity and customer funded projects.

A continued positive trajectory for the Group's results is expected in the current year and beyond.

The directors believe that the principal risks and uncertainties related to the group's future results stem from general global macroeconomic issues. The Board continues to monitor developments following the UK's departure from the European Union as well as the impact of the Russian invasion of Ukraine, but believes that the global nature of the Group's business means that there should be limited overall impact from these factors.

Key Performance Indicators

The directors monitor the business against detailed financial plans and hold regular meetings to review the performance of the group and its subsidiaries against these plans. The primary key performance indicators monitored by the board include the level of revenues, order intake and operating profit by business unit, as well as the performance of programme and services delivery against budget, to ensure that they are being fulfilled on schedule and achieving the appropriate contribution to the business.

Turnover from continuing operations increased from £11,622k in 2022 to £15,641k in 2023 (34.6%), while operating profit before amortisation of goodwill has increased from £1,359k in 2022 to £2,620k in 2023 (92.8%). The directors consider this to be a satisfactory performance for the year, which supports the group's strong financial position.

On behalf of the board



D J Coghlan
Director

14 September 2023

Quadrant Group Limited

Directors' report

For the year ended 31 May 2023

The directors present their annual report and financial statements for the year ended 31 May 2023.

Principal activities

The principal activity of the company and group continued to be that of Flight and Air Traffic Control simulation business, providing training, maintenance, updates, relocations, and software development.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £191,643 (2022 - £nil). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D J Coghlan

M V Male

T J Morley

J Sandiford

P M Rae

Financial Risk Management

The group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risk arising from the group's financial instruments is liquidity risk. The Directors review and agree policies for managing financial risk and they are summarised below.

Liquidity Risk

The group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities when required. The group also took advantage of the government CBILS loans to ensure sufficient working capital for the businesses.

Quadrant Group Limited

Directors' report (continued) For the year ended 31 May 2023

Going Concern

During the year, the group won a number of high value contracts in its core air traffic control simulation and training businesses, giving the board confidence that revenues will exceed levels achieved pre-pandemic.

The directors regularly carry out extensive reviews of all existing contracts to assess the impact of any future delays or cancellations on both the group companies and their clients. Detailed models are produced assessing the potential impacts and how the group can mitigate against them. The group's revenues are derived from clients based around the world, including civil and military government organisations as well as private corporations. This variety of source gives continued confidence that slowdowns in one area can be offset or supported in other areas. The fact that a significant amount of work can be performed remotely if needed also underpins the flexibility of the group's business model.

As a result of these reviews the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, that is for a period of at least twelve months from the date of the signing of the financial statements, and have therefore produced the accounts on a going concern basis.

Auditor

Saffery LLP have expressed their willingness to remain in office as auditor of the group and company.

Statement of directors' responsibilities

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).

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Quadrant Group Limited

Directors' report (continued)
For the year ended 31 May 2023


Matters covered in the strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Sch. 7.7.

Statement of disclosure to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



D J Coghlan
Director

14 September 2023

Quadrant Group Limited

Independent auditor's report

To the members of Quadrant Group Limited

Opinion

We have audited the financial statements of Quadrant Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 May 2023 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Quadrant Group Limited

Independent auditor's report (continued) To the members of Quadrant Group Limited

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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Quadrant Group Limited

Independent auditor's report (continued)

To the members of Quadrant Group Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Quadrant Group Limited

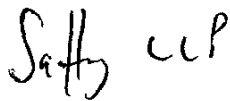
Independent auditor's report (continued)
To the members of Quadrant Group Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 parent 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 parent company's members those matters we are required to state to them in an auditors 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jamie Lane (Senior Statutory Auditor)
For and on behalf of Saffery LLP

14 September 2023

Chartered Accountants
Statutory Auditors

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Quadrant Group Limited
Group statement of comprehensive income
For the year ended 31 May 2022

	Notes	31 May 2023 £'000	Continuing operations £'000	Discontinued operations £'000	31 May 2022 £'000
Turnover	3				
Group and share of joint venture's turnover		17,106	13,522	6,650	20,172
Less: share of joint venture's turnover		(1,465)	(1,900)	-	(1,900)
Group turnover		15,641	11,622	6,650	18,272
Cost of sales		(8,535)	(6,861)	(4,537)	(11,398)
Gross profit		7,106	4,761	2,113	6,874
Administrative expenses excluding amortisation of goodwill		(4,880)	(4,362)	(954)	(5,316)
Other operating income		-	63	205	268
Share of results of joint ventures		394	897	-	897
Total operating profit before amortisation of goodwill	4	2,620	1,359	1,364	2,723
Amortisation of goodwill		(343)	(343)	-	(343)
Interest receivable and similar income	8	3	-	-	-
Interest payable and similar expenses	9	(152)	(110)	-	(110)
Profit before taxation		2,128	906	1,364	2,270
Tax on profit	10	(71)	(314)	(6)	(320)
Profit for the financial year		2,057	592	1,358	1,950
Other comprehensive income					
Currency translation differences		(5)			(306)
Total comprehensive income for the year		2,052			1,644

The income statement has been prepared on the basis that all operations are continuing operations.

Profit and total comprehensive income for the financial year is all attributable to the owners of the parent company.

Quadrant Group Limited

**Group statement of financial position
As at 31 May 2023**

			2023		2022
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	12		4,796		5,139
Other intangible assets	12		-		12
Total intangible assets			4,796		5,151
Tangible assets	13		1,083		1,072
Investments	14		544		511
			6,423		6,734
Current assets					
Stocks	17	21		24	
Debtors	18	4,699		3,410	
Cash at bank and in hand		3,547		3,130	
		8,267		6,564	
Creditors: amounts falling due within one year	19	(5,926)		(6,054)	
Net current assets			2,341		510
Total assets less current liabilities			8,764		7,244
Creditors: amounts falling due after more than one year	20		(1,000)		(1,350)
Provisions for liabilities					
Deferred tax liability	23	92		82	
			(92)		(82)
Net assets			7,672		5,812
Capital and reserves					
Called up share capital	25		1,598		1,598
Share premium account	26		2,582		2,582
Capital redemption reserve	26		236		236
Profit and loss reserves	26		3,256		1,396
Total equity			7,672		5,812

Quadrant Group Limited

Group statement of financial position (continued)
As at 31 May 2023

The financial statements were approved by the board of directors and authorised for issue on 14 September 2023 and are signed on its behalf by:



D J Coghlan
Director


Company Registration No. 04343035 (England and Wales)

Quadrant Group Limited**Company statement of financial position
As at 31 May 2023**

			2023		2022
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	14		9,966		9,966
Current assets					
Debtors	18	-		456	
Cash at bank and in hand		1,583		1,596	
		1,583		2,052	
Creditors: amounts falling due within one year	19	(2,529)		(3,181)	
Net current liabilities			(946)		(1,129)
Total assets less current liabilities			9,020		8,837
Creditors: amounts falling due after more than one year	20		(725)		(1,025)
Net assets			8,295		7,812
Capital and reserves					
Called up share capital	25		1,598		1,598
Share premium account	26		2,582		2,582
Capital redemption reserve	26		236		236
Profit and loss reserves	26		3,879		3,396
Total equity			8,295		7,812

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £675k (2022 - £202k loss).

The financial statements were approved by the board of directors and authorised for issue on 14 September 2023 and are signed on its behalf by:



D J Coghlan
Director

Company Registration No. 04343035 (England and Wales)

Quadrant Group Limited

**Group statement of changes in equity
For the year ended 31 May 2023**

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 1 June 2021		1,597	2,582	236	(248)	4,167
Year ended 31 May 2022:						
Profit for the year		-	-	-	1,950	1,950
Other comprehensive income:						
Currency translation differences		-	-	-	(306)	(306)
Total comprehensive income for the year		-	-	-	1,644	1,644
Issue of share capital	25	1	-	-	-	1
Balance at 31 May 2022		1,598	2,582	236	1,396	5,812
Year ended 31 May 2023:						
Profit for the year		-	-	-	2,057	2,057
Other comprehensive income:						
Currency translation differences		-	-	-	(5)	(5)
Total comprehensive income for the year		-	-	-	2,052	2,052
Dividends	11	-	-	-	(192)	(192)
Balance at 31 May 2023		1,598	2,582	236	3,256	7,672

Quadrant Group Limited

Company statement of changes in equity
For the year ended 31 May 2023

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 1 June 2021		1,597	2,582	236	3,598	8,013
Year ended 31 May 2022:						
Loss and total comprehensive income for the year		-	-	-	(202)	(202)
Issue of share capital	25	1	-	-	-	1
Balance at 31 May 2022		1,598	2,582	236	3,396	7,812
Year ended 31 May 2023:						
Profit and total comprehensive income for the year		-	-	-	675	675
Dividends	11	-	-	-	(192)	(192)
Balance at 31 May 2023		1,598	2,582	236	3,879	8,295

Quadrant Group Limited

Group statement of cash flows
For the year ended 31 May 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Cash flows from operating activities					
Cash generated from operations	30		1,043		473
Investing activities					
Purchase of intangible assets		-		(5)	
Purchase of tangible fixed assets		(200)		(216)	
Proceeds from disposal of tangible fixed assets		-		93	
Interest received		3		-	
Dividends received		300		850	
Net cash generated from investing activities			103		722
Financing activities					
Proceeds from issue of shares		-		1	
Repayment of bank loans		(327)		(197)	
Interest paid		(152)		(110)	
Payment of finance leases obligations		(53)		(23)	
Dividends paid to equity shareholders		(192)		-	
Net cash used in financing activities			(724)		(329)
Net increase in cash and cash equivalents			422		866
Cash and cash equivalents at beginning of year			3,130		2,330
Effect of foreign exchange rates			(5)		(66)
Cash and cash equivalents at end of year			3,547		3,130

Quadrant Group Limited

Notes to the group financial statements For the year ended 31 May 2023

1 Accounting policies

Company information

Quadrant Group Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is 41-47 Seabourne Road, Bournemouth, England, BH5 2HU.

The group consists of Quadrant Group Limited, all of its subsidiaries and its share in a joint venture.

The company's principal activities are disclosed in the Directors' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Quadrant Group Limited

Notes to the group financial statements (continued) **For the year ended 31 May 2023**

1 Accounting policies (continued)

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Quadrant Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures.

All financial statements are made up to 31 May 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

Investments in joint ventures are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures include acquired goodwill.

If the group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

During the year, the group won a number of high value contracts in its core air traffic control simulation and training businesses, giving the board confidence that revenues will exceed levels achieved pre-pandemic.

The directors regularly carry out extensive reviews of all existing contracts to assess the impact of any future delays or cancellations on both the group companies and their clients. Detailed models are produced assessing the potential impacts and how the group can mitigate against them. The group's revenues are derived from clients based around the world, including civil and military government organisations as well as private corporations. This variety of source gives continued confidence that slowdowns in one area can be offset or supported in other areas. The fact that a significant amount of work can be performed remotely if needed also underpins the flexibility of the group's business model.

As a result of these reviews the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, that is for a period of at least twelve months from the date of the signing of the financial statements, and have therefore produced the accounts on a going concern basis.

Quadrant Group Limited

Notes to the group financial statements (continued)

For the year ended 31 May 2023

1 Accounting policies (continued)

1.4 Turnover

Turnover, which excludes value added tax, represents the value of goods and services supplied during the year and includes the proportion of the sales value of long-term contracts relevant to their stage of completion.

Turnover on installation projects and from license and support service sales recognised to the extent that the right to consideration for the performance of the group's contractual obligations to its customers is earned. Timing differences between sales revenue earned in the Group Statement of Comprehensive Income and sales invoices raised give rise to accrued or deferred income balances, which are included in debtors or creditors respectively.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business combination are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	Straight line between 5 and 10 years
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long leasehold property	2% on cost per annum
Short term leasehold improvements	Over period of lease
Fixtures and fittings	15% per annum
Computer equipment	33% per annum
Simulator equipment	Between 6.67% and 33% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Quadrant Group Limited

Notes to the group financial statements (continued)

For the year ended 31 May 2023

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

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

Basic financial assets

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

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

1 Accounting policies (continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

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

Quadrant Group Limited

Notes to the group financial statements (continued)

For the year ended 31 May 2023

1 Accounting policies (continued)

1.13 Equity instruments

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

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. *Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.* Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Long term contracts

The group's long term contracts policy is set out in note 1.4. This policy is central to the way in which the group values the work it has carried out at each reporting date and the estimation of the percentage completion of the contract. This requires forecasts to be made of the outcome of long term contracts and requires assessments and judgements to be made on expected contract costs to complete and the progression of contract programmes. The group has appropriate control procedures in place to ensure estimates are calculated on a consistent basis.

Amortisation of goodwill

As disclosed in note 1.5, goodwill is initially recognised as the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired, and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The directors apply judgement to determine the useful economic life and within the annual impairment reviews carried out to determine whether the carrying amount of the investment, and thus goodwill is impaired.

3 Turnover and other revenue

	2023 £'000	2022 £'000
Turnover analysed by class of business		
Installation and maintenance of air traffic control simulator software and hardware	11,337	9,371
Other air traffic control simulator services	4,304	2,251
	<u>15,641</u>	<u>11,622</u>

Quadrant Group Limited**Notes to the group financial statements (continued)**
For the year ended 31 May 2023**3 Turnover and other revenue (continued)**

	2023	2022
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	3,443	2,558
Rest of Europe	4,108	3,052
Rest of the world	8,090	6,012
	<u>15,641</u>	<u>11,622</u>

The turnover analysis has been provided for the continuing operations of the group.

	2023	2022
	£'000	£'000
Other revenue		
Grants received	-	268
	<u>-</u>	<u>268</u>

4 Operating profit

	2023	2022
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(39)	(117)
Research and development costs	480	132
Depreciation of owned tangible fixed assets	161	170
Depreciation of tangible fixed assets held under finance leases	28	21
Amortisation of intangible assets	344	343
Loss on disposal of intangible assets	11	-
Operating lease charges	375	142
	<u>375</u>	<u>142</u>

5 Auditor's remuneration

	2023	2022
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	19	15
Audit of the financial statements of the company's subsidiaries	26	24
	<u>45</u>	<u>39</u>

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

5 Auditor's remuneration (continued)

For other services

Taxation compliance services	11	10
Other taxation services	3	3
All other non-audit services	6	6
	<u>20</u>	<u>19</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group	2022	Company	2022
	2023	Number	2023	Number
	Number		Number	
Engineering	56	48	-	-
Selling and distribution	6	3	-	-
Administration	32	25	4	4
Training	31	22	-	-
	<u>125</u>	<u>98</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group	2022	Company	2022
	2023	£'000	2023	£'000
	£'000		£'000	
Wages and salaries	5,650	5,636	419	302
Social security costs	604	601	32	27
Pension costs	242	316	-	-
	<u>6,496</u>	<u>6,553</u>	<u>451</u>	<u>329</u>

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

7 Directors' remuneration

	2023	2022
	£'000	£'000
Remuneration for qualifying services	328	462
Company pension contributions to defined contribution schemes	8	53
	<u>336</u>	<u>515</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023	2022
	£'000	£'000
Remuneration for qualifying services	137	153
Company pension contributions to defined contribution schemes	8	3
	<u>145</u>	<u>156</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 3).

8 Interest receivable and similar income

	2023	2022
	£'000	£'000
Interest income		
Interest on bank deposits	3	-
	<u>3</u>	<u>-</u>

9 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	91	47
Other interest on financial liabilities	61	63
	<u>152</u>	<u>110</u>

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

10 Taxation

	2023	2022
	£'000	£'000
Current tax		
<i>Adjustments in respect of prior periods</i>	-	(3)
UK corporation tax on share of profits from joint ventures	129	234
	<u>129</u>	<u>231</u>
Total UK current tax	129	231
Foreign current tax on profits for the current period	-	6
	<u>129</u>	<u>237</u>
Total current tax	<u>129</u>	<u>237</u>
Deferred tax		
Origination and reversal of timing differences	10	78
Deferred tax on share of profits from joint ventures	(68)	5
	<u>(58)</u>	<u>83</u>
Total deferred tax	(58)	83
Total tax charge	<u>71</u>	<u>320</u>

Quadrant Group Limited**Notes to the group financial statements (continued)****For the year ended 31 May 2023****10 Taxation (continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£'000	£'000
Profit before taxation	2,128	2,270
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	532	431
Tax effect of expenses that are not deductible in determining taxable profit	91	106
Tax effect of income not taxable in determining taxable profit	(101)	(170)
Tax effect of utilisation of tax losses not previously recognised	(453)	(166)
Adjustments in respect of prior years	-	3
Effect of change in corporation tax rate	(11)	(11)
Permanent capital allowances in excess of depreciation	(14)	(190)
Research and development tax credit	(44)	-
Movements in deferred taxation	10	78
Share of taxation from joint ventures	61	239
Taxation charge	71	320

From 1 April 2023 the corporation tax rate increased to 25%. For the purposes of deferred tax, the latest substantively enacted rate of 25% has been used.

The group has UK trade losses, excess management charges and interest on loan relationships available to be carried forward for offset against future taxable trade profits in certain group Companies, amounting to approximately £594k (2022: £1,225k). These UK tax trade losses will reduce the tax charge of future years until the companies achieve sufficient taxable trade profits to utilise the losses.

There is a deferred tax asset of approximately £149k (2022: £314k), which has not been recognised as there is currently insufficient certainty as to the period over which the asset will be recovered.

11 Dividends

	2023	2022
	£'000	£'000
Recognised as distributions to equity holders:		
Final paid	192	-

Quadrant Group Limited

Notes to the group financial statements (continued)

For the year ended 31 May 2023

11 Dividends (continued)

The dividends were voted on the Ordinary shares of the company.

12 Intangible fixed assets

Group	Goodwill £'000	Patents £'000	Total £'000
Cost			
At 1 June 2022	6,784	20	6,804
Disposals	-	(20)	(20)
At 31 May 2023	6,784	-	6,784
Amortisation and impairment			
At 1 June 2022	1,645	8	1,653
Amortisation charged for the year	343	1	344
Disposals	-	(9)	(9)
At 31 May 2023	1,988	-	1,988
Carrying amount			
At 31 May 2023	4,796	-	4,796
At 31 May 2022	5,139	12	5,151

The company had no intangible fixed assets at 31 May 2023 or 31 May 2022.

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

13 Tangible fixed assets

Group	Long leasehold property £'000	Short term leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 June 2022	678	223	255	1,194	2,350
Additions	-	-	72	128	200
At 31 May 2023	678	223	327	1,322	2,550
Depreciation and impairment					
At 1 June 2022	62	129	182	905	1,278
Depreciation charged in the year	14	15	31	129	189
At 31 May 2023	76	144	213	1,034	1,467
Carrying amount					
At 31 May 2023	602	79	114	288	1,083
At 31 May 2022	616	94	73	289	1,072

The company had no tangible fixed assets at 31 May 2023 or 31 May 2022.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Computer equipment	76	131	-	-

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

14 Fixed asset investments

		Group		Company	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	15	-	-	9,379	9,379
Investments in joint ventures	16	544	511	587	587
		<u>544</u>	<u>511</u>	<u>9,966</u>	<u>9,966</u>

Movements in fixed asset investments

Group

**Shares in joint
ventures
£'000**

Cost or valuation

At 1 June 2022	511
Share of profit	333
Dividends received	(300)
At 31 May 2023	<u>544</u>

Carrying amount

At 31 May 2023	<u>544</u>
At 31 May 2022	<u>511</u>

Movements in fixed asset investments

Company

**Shares in
subsidiaries
and joint
ventures
£'000**

Cost or valuation

At 1 June 2022 and 31 May 2023	<u>9,966</u>
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Carrying amount

At 31 May 2023	<u>9,966</u>
At 31 May 2022	<u>9,966</u>

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

15 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Quadrant Simulation Systems Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	100
Micro Nav Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	100
Global ATS Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	100
Micro Nav (Holdings) Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	100
Quadrant Simulation Systems, Inc.	12301 Challenger Parkway, Orlando, USA	Ordinary	100
Micro Nav (Software) Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	100

Global ATS Limited and Quadrant Simulation Systems Limited are exempt from audit for the financial period ended 31 May 2023 pursuant to section 479A of the Companies Act 2006.

16 Joint ventures

Details of joint ventures at 31 May 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Quest Flight Training Limited	41-47 Seabourne Road, Bournemouth, BH5 2HU	Ordinary	50

17 Stocks

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Finished goods and goods for resale	21	24	-	-

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

18 Debtors

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	2,332	2,527	-	-
Gross amounts owed by contract customers	2,004	291	-	-
Corporation tax recoverable	-	57	-	-
Amounts owed by group undertakings	-	-	-	456
Other debtors	17	-	-	-
Prepayments and accrued income	346	535	-	-
	<u>4,699</u>	<u>3,410</u>	<u>-</u>	<u>456</u>

19 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Bank loans	21	319	334	300	300
Obligations under finance leases	22	48	63	-	-
Shareholder loans	21	869	869	869	869
Payments received on account		2,552	2,623	-	-
Trade creditors		857	1,429	-	-
Amounts owed to group undertakings		-	-	1,142	1,892
Other taxation and social security		341	176	-	-
Other creditors		101	104	-	-
Accruals and deferred income		839	456	218	120
		<u>5,926</u>	<u>6,054</u>	<u>2,529</u>	<u>3,181</u>

Shareholder loans accrue interest at fixed rates of between 6% and 8% per annum and are not secured against any assets of the group.

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

20 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Bank loans	21	973	1,285	725	1,025
Obligations under finance leases	22	27	65	-	-
		<u>1,000</u>	<u>1,350</u>	<u>725</u>	<u>1,025</u>

One bank loan is repayable over a five year period with a variable interest rate of 3.85% plus base rate and was repaid in full in August 2023. The other bank loan is repayable over a fifteen year term with a variable interest rate of 3.2% plus base rate and is secured over the long leasehold property.

The bank facilities are secured by way of a fixed and floating charge over the property and undertakings of the group companies.

21 Loans

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans	1,292	1,619	1,025	1,325
Shareholder loans	869	869	869	869
	<u>2,161</u>	<u>2,488</u>	<u>1,894</u>	<u>2,194</u>
Payable within one year	1,188	1,203	1,169	1,169
Payable after one year	973	1,285	725	1,025

22 Finance lease obligations

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	48	63	-	-
In two to five years	27	65	-	-
	<u>75</u>	<u>128</u>	<u>-</u>	<u>-</u>

Quadrant Group Limited

Notes to the group financial statements (continued)
For the year ended 31 May 2023

22 Finance lease obligations (continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and are secured against the assets to which they relate. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023 £'000	Liabilities 2022 £'000
Group		
Accelerated capital allowances	97	88
Short term timing differences	(5)	(6)
	<u>92</u>	<u>82</u>

The company has no deferred tax assets or liabilities.

	Group 2023 £'000	Company 2023 £'000
Movements in the year:		
Liability at 1 June 2022	82	-
Charge to profit or loss	10	-
	<u>92</u>	<u>-</u>
Liability at 31 May 2023	<u>92</u>	<u>-</u>

24 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>242</u>	<u>316</u>

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

24 Retirement benefit schemes (continued)

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the statement of financial position date, the group had unpaid liabilities in respect of retirement benefit schemes of £28k (2022 - £25k).

25 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£'000	£'000
Issued and fully paid				
Ordinary shares of 50p each	3,194,051	3,194,051	1,597	1,597
A Ordinary shares of 10p each	10,000	10,000	1	1
	<u>3,204,051</u>	<u>3,204,051</u>	<u>1,598</u>	<u>1,598</u>

The Ordinary and A Ordinary shares rank pari passu in respect of voting and dividends except as regards to capital distributions where both share classes are entitled to varying rates in accordance with the articles.

26 Reserves

Share premium

Includes any premiums received on the issue of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium.

Capital redemption reserve

Represents the nominal value of shares repurchased by the company.

Profit and loss account

Represents all current and prior periods retained profits and losses.

Quadrant Group Limited

Notes to the group financial statements (continued) For the year ended 31 May 2023

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	49	197	-	-
Between two and five years	8	135	-	-
	<u>57</u>	<u>332</u>	<u>-</u>	<u>-</u>

28 Related party transactions

The company has taken advantage of the exemption available under FRS 102 Section 33 'Related Party Disclosures' from the requirement to disclose transactions entered into between two or more members of the same group where 100% of the voting rights are controlled within the group.

£270k (2022: £267k) was charged by the group to Quest Flight Training Limited, the joint venture, during the year in respect of goods and services, including £60k (2022: £60k) in respect of director's fees. The amount due from Quest Flight Training Limited at the year end was £22k (2022: £8k).

At the year end there was a shareholder loan due from the group of £869k (2022: £869k). Interest was charged on this loan during the year of £61k (2022: £61k). At the year end interest owed from the group was £10k (2022: £10k).

29 Controlling party

In the opinion of the Directors, there is no ultimate controlling party.

Quadrant Group Limited

Notes to the group financial statements (continued)

For the year ended 31 May 2023

30 Cash generated from group operations

	2023	2022
	£'000	£'000
Profit for the year after tax	2,057	1,950
Adjustments for:		
Share of results of associates and joint ventures	(394)	(897)
Taxation charged	71	320
Finance costs	152	110
Investment income	(3)	-
Loss on disposal of intangible assets	11	-
Amortisation and impairment of intangible assets	344	345
Depreciation and impairment of tangible fixed assets	189	191
Amounts written off investments	-	10
Corporation tax received/(paid)	57	(92)
Movements in working capital:		
Decrease in stocks	3	31
Increase in debtors	(1,346)	(19)
Decrease in creditors	(98)	(1,476)
Cash generated from operations	1,043	473

31 Analysis of changes in net funds - group

	1 June 2022	Cash flows	Exchange rate	31 May 2023
	£'000	£'000	movements	£'000
Cash at bank and in hand	3,130	422	(5)	3,547
Borrowings excluding overdrafts	(2,488)	327	-	(2,161)
Obligations under finance leases	(128)	53	-	(75)
	<u>514</u>	<u>802</u>	<u>(5)</u>	<u>1,311</u>