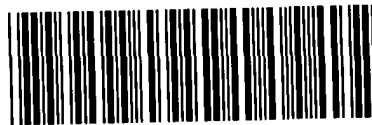




A.N.A. Aviation Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2019

TUESDAY



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COMPANIES HOUSE

A.N.A. Aviation Services Limited

Annual report and financial statements 2019

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A.N.A. Aviation Services Limited

Officers and professional advisers

Directors

Mr A G Leslie
Mr A J King
Mr A M Ballard

Secretary

Mr A M Ballard

Registered Office

First Floor - Unit A2
Windsor Place
Faraday Road
Manor Royal
Crawley
West Sussex
RH10 9TF

Bankers

Lloyds Bank PLC
1/5 The Broadway
Crawley
West Sussex
RH10 1DU

Solicitors

DMH Stallard LLP
Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
2nd Floor, St John's House
Haslett Avenue West
Crawley
RH10 1HS

A.N.A. Aviation Services Limited

Strategic report

The Directors present their Strategic report on the company for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

A.N.A. Aviation Services Limited is the General Sales and Services UK division of the Network Aviation Group Limited.

With Network Aviation Group's offices located in all the world's key cargo locations, A.N.A. Aviation Services Limited is able to provide airlines with a professional and effective solution to increasing their market share and maximising their revenue from air cargo.

The company recorded a pre-tax profit of £416,066 for the year to 31 December 2019 (2018: profit £332,112). This is largely due to the change in mix of General Sales Agency agreements along with the costs associated with restructuring departments and outlay in technology.

Turnover decreased 12.6% from £8,472,518 to £7,402,194 however a different sales mix resulted in a 3.2% increase in gross profit margin from £1,305,289 to £1,347,336.

KEY PERFORMANCE INDICATOR

The directors consider the following key performance indicator to demonstrate the financial performance and strength of the company as a whole; in 2019 the company experienced an increase in yields with the gross profit margin increasing to 18.2% from 15.3% in 2018 due to the change in sales mix of airline contracts and associated sales.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is essential in enabling us to create and protect value for our shareholders and other stakeholders. In our normal business activities, we are exposed to a variety of risks inherent within our business divisions.

The process of risk acceptance and risk management is addressed through a framework of procedures and internal controls, all of which are subject to Board approval and ongoing review by management.

The principal risk of the business arises from the varying demand of air cargo compared to the capacity available to service that demand.

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometres (FTKs) contracted by 3.3% in 2019 (rose by 3.5% in 2018). This is the first year of declining freight volumes since 2012 and the weakest outcome since the Global Financial Crisis (GFC) in 2009. Freight capacity, measured in available freight tonne kilometres (AFTKs), increased by a moderate 2.1% in 2019 (increased by 5.4% in 2018), leading to a 2.6 percentage point fall in the load factor.

Other risks and uncertainties

Brexit

There are potential risks and uncertainties as a result of the United Kingdom's vote to leave the European Union (EU). As the Company's sales operations within the EU are carried out through local subsidiaries of the wider Group, and all flights transiting the EU already do so under international regulations, the Directors do not consider this to be a significant risk to the business but will continue to review the situation as trade negotiations take place.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As a matter of good business practice costs are reviewed regularly, and risks are assessed and mitigated where possible.

Cash flow risk

Cash flow risk considers the risk that the Company will not be able to meet its short-term working capital commitments as they fall due.

Due to the downturn in the air cargo market in 2019, commitments under operating leases have been resized in order to mitigate cash flow risk.

A.N.A. Aviation Services Limited

Strategic report (continued)

The Directors consider that the working capital facilities and available cash funds are sufficient to mitigate any cash flow risk that the Company may face.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its long-term cash commitments as they fall due.

The Company holds bank loans, details of which are disclosed in Note 14. The Director's actively monitor the performance of all covenants associated with the Company's borrowings, as well as short and long-term cash forecasts to ensure liabilities will be met as they fall due.

Foreign exchange risk

The principal currencies traded in - other than UK Sterling - are US Dollars and the Euro. The Directors consider that there is currently no significant risk from exposure to currency fluctuations as there is a reasonable amount of natural offset within the wider Group's activities.

Credit risk

Credit risk is the risk that counterparties will be unable to pay amounts in full when they fall due. The Company's principal financial assets are bank balances, cash, and trade receivables. 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 monitors credit risk closely and considers that its current policies of credit control meets its objectives of managing exposure to credit risk. The Company has no significant concentrations of credit risk.

Price risk

The Company is entitled to levy surcharges to customers, in line with industry practice in response to sudden and significant increases in oil prices, which is considered to be the main price risk to the Company.

FUTURE DEVELOPMENTS

Key appointments and agreements have been renewed during 2020 leaving the company in a strong position in the market. The company continues to tender for new business across all geographical markets.

EVENTS AFTER THE BALANCE SHEET DATE

Details of events affecting the Company since the year end are disclosed in note 21 of the financial statements.

Approved by the Board and signed on its behalf by:



A M Ballard
Company Secretary

22/12/ 2020

A.N.A. Aviation Services Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2019. The principal risks and uncertainties, and future developments have been discussed in the Strategic Report.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of general sales and service agents in the airline industry.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has been profitable for the current and preceding year and is within a net current asset position in both the current and prior years.

Detailed models of the Company's future financial results have been prepared. These have been estimated based on the Director's industry experience. The Directors consider that the mix of working capital facilities and available cash funds are sufficient to mitigate any cash flow risk that the Company and wider Group may face. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further detail regarding the adoption of the going concern basis, including consideration of the impact of Covid-19, can be found in note 1, the Statement of accounting policies in the financial statements.

RESULTS AND DIVIDENDS

The profit for the year before taxation was £416,066 (2018: £332,112). The directors have not proposed a dividend in the current year (2018: £Nil).

DIRECTORS

The directors who served throughout the year and to the date of approval of these financial statements, were as follows:

Mr A G Leslie

Mr A J King

Mr A M Ballard

DIRECTORS INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDITOR

Following a review of our external audit arrangements, including a competitive tender process, Grant Thornton UK LLP was appointed by the directors as auditor to the company in accordance with section 485 of the Companies Act 2006. Grant Thornton UK LLP have expressed their willingness to continue in office and will be deemed to be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

The directors confirm that:

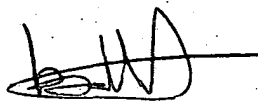
1. so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
2. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A.N.A. Aviation Services Limited

Directors' report

Approved by the Board and signed on its behalf by:



A M Ballard
Group Secretary

22/12/ 2020

Company registration number: 01858078

Registered Office:

First Floor, Unit A2 Windsor Place
Faraday Road, Manor Royal
Crawley
West Sussex
United Kingdom
RH10 9TF

A.N.A. Aviation Services Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 year.

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.

Approved by the Board and signed on its behalf by:



A M Ballard
Director

22/12/ 2020

A.N.A. Aviation Services Limited

Independent auditor's report to the members of A.N.A. Aviation Services Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of A.N.A. Aviation Services Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.

Conclusions relating to going concern

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

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

A.N.A. Aviation Services Limited

Independent auditor's report to the members of A.N.A. Aviation Services Limited

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation..

Other information

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

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

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

A.N.A. Aviation Services Limited

Independent auditor's report to the members of A.N.A. Aviation Services Limited

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, 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.

Grant Thornton UK LLP

Nick Jones BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

22 December 2020

A.N.A. Aviation Services Limited

Statement of Total Comprehensive Income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	7,402,194	8,472,518
Cost of sales		(6,054,858)	(7,167,229)
Gross profit		1,347,336	1,305,289
Administrative expenses		(1,036,278)	(1,082,993)
Other operating income	4	105,053	109,746
Operating profit	5	416,111	332,042
Interest receivable and similar income	6	-	70
Interest payable and similar charges	6	(45)	-
Profit before tax		416,066	332,112
Tax on profit	9	(72,644)	(28,190)
Profit for the financial year		343,422	303,922

All the results derive from continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

A.N.A. Aviation Services Limited

Balance Sheet At 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	792,956	732,780
Current assets			
Debtors	12	44,645,486	31,013,171
Cash at bank and in hand		818,794	60,922
		<u>45,464,280</u>	<u>31,074,093</u>
Creditors: amounts falling due within one year	13	<u>(43,732,758)</u>	<u>(29,589,817)</u>
Net current assets		<u>1,731,522</u>	<u>1,484,276</u>
Total assets less current liabilities		<u>2,524,478</u>	<u>2,217,056</u>
Creditors: amounts falling due after more than one year	14	(9,574)	(45,574)
Provisions for liabilities			
Deferred tax	15	<u>(3,606)</u>	<u>(3,606)</u>
		<u>2,511,298</u>	<u>2,167,876</u>
Capital and reserves			
Called-up equity share capital	16	16,262	16,262
Profit and loss account		<u>2,495,036</u>	<u>2,151,614</u>
Shareholders' funds		<u>2,511,298</u>	<u>2,167,876</u>

The notes on pages 13 to 27 form part of these financial statements.

The financial statements of A.N.A. Aviation Services Limited (registered number 01858078) were approved by the board of directors and authorised for issue on 22/12/2020.

They were signed on its behalf by:



Mr A M Ballard
Director

A.N.A. Aviation Services Limited

Statement of changes in equity For the year ended 31 December 2019

	Share capital £	Profit and loss account £	Total £
At 1 January 2018	16,262	1,847,692	1,863,954
Profit and total comprehensive income for the financial year	-	303,922	303,922
At 31 December 2018	16,262	2,151,614	2,167,876
Profit and total comprehensive income for the financial year	-	343,422	343,422
At 31 December 2019	16,262	2,495,036	2,511,298

The notes on pages 13 to 27 form part of these financial statements.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies

The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Basis of preparation

ANA Aviation Services Limited is a private company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial reporting Standards applicable in the United Kingdom and Republic of Ireland' (FRS 102) and the Companies Act 2006. They have also been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, Network Aviation Group Limited, which may be obtained at companies House. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. The company's business activities, together with the factors likely to affect the future development, performance and position are set out in the Strategic report.

Going concern

As noted in the Strategic report on page 2, turnover fell by 12.6% during the current period however, gross profit increased due to the change in sales mix of airline contracts and associated sales. The Company has maintained a strong balance sheet in both the current and prior periods.

The Directors have considered the macro-economic uncertainties facing the Company and wider Group as part of their assessment of going concern.

Demand for services of the Group's managed cargo fleet have soared during 2020 due to the withdrawal of passenger services and associated belly cargo capacity due to the COVID-19 pandemic. As such the Group is enjoying a substantial increase in profitability and cash generation. Whilst COVID-19 has impacted a handful of subsidiaries within the wider Group negatively the overriding impact has been positive for the Group and 2020 is expected to be the strongest year on record by far.

The significant increase in demand for the services of freighter aircraft has not only driven significant cash flows but also created new opportunities for expansion. The Group has hundreds of employees based in over 40 offices across Europe, Africa and North America making it especially well placed to swiftly identify and react to the changes in market dynamics.

The Directors are expecting that the Company will remain profitable for the year ended 31 December 2020 and are confident, on the basis of current financial projections and funds available, the Company has sufficient resources for its operational needs for the foreseeable future.

The Directors have assessed the forecasts and projections, which takes in the above factors for twelve months from the date of signing the financial statements and have satisfied themselves that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The Company's results are included in the consolidated financial statements of Network Aviation Group Limited, a company incorporated in Great Britain and registered in England and Wales. Accordingly, the Company has taken advantage of the exemption given in s400 of the Companies Act 2006 from preparing group financial statements.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies (continued)

Foreign currency

Functional and presentational currency

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency translations are translated into the functional currency using the spot exchange rates at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate while non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Turnover

The turnover shown in the Statement of comprehensive income represents the value of services provided during the year, derived from ordinary activities, exclusive of Value Added Tax. Freight and cargo revenues are recognised when the transportation is provided.

Freight, cargo and brokering revenues are recognised when the transportation is provided, and advance sales are deferred and included in current liabilities.

Revenues are assessed on a contract by contract basis to determine whether the company is the primary obligor and accordingly, revenue is accounted for as either principal or agent.

When acting as a principal, revenue represents the fee for the freight transport service. This is recognised when the transportation is provided, and advance sales are deferred and included in current liabilities. When acting as an agent revenue represents the commission received and revenue is recognised at the time the booking takes place.

Where Company revenue recognition criteria have been met but an invoice to the customer has not been raised at the reporting date, revenue is recognised and recorded as accrued income.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Company operates a defined contribution pension scheme for its employees. The annual contributions payable relating to employees participating in this scheme, are recharged to the company in the profit and loss account.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Interest receivable

Interest income is recognised in profit or loss in the period in which they are earned.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies (continued)

Interest payable

Interest payable and similar charges are recognised in profit or loss in the period in which they are incurred.

Taxation

Taxation expense for the period comprises of current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Operating lease arrangements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	Over 10 years straight line
Motor vehicles	25% per annum on reducing balance
Office equipment	Over 10 years straight line
Computer equipment	Between 3-8 years

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies (continued)

Investment properties

Investment properties are shown at their fair value and are revalued at the end of each reporting period. Every 3 to 5 years the fair value is calculated using valuations made by independent, professionally qualified surveyors' following RICS guidelines. During the interim periods, management perform an updated valuation taking account of marketed values of other similar commercial properties in the local area. The surplus or deficit arising from the annual revaluation is recognised in the Profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investments

Investments in a subsidiary company are held at cost less accumulated impairment losses.

Cash and cash equivalents

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

Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. The effect of the time value of money is not material and therefore the provisions are not discounted.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies (continued)

Contingent liabilities

Contingent liabilities arise as a result of past events when:

- it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or
- when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

The Company holds no other or 'complex' financial assets.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Company holds no other or 'complex' financial liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The company can use this facility to draw down a percentage of the value of certain sales invoices to fund working capital. The management and collection of trade receivables remains with the company.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The company has taken the exemption under the terms of FRS 102 (section 33.1A) from disclosing transactions with the parent company and other wholly owned members of the Network Aviation Group.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

2. Critical accounting judgements & key sources of estimating uncertainty

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.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. There are no key sources of estimating uncertainty.

Revenue recognition

The company generates revenues from General Sales and Service Agency contracts representing a number of different airlines. These sales agreements vary in nature with regards to performance obligations of the company and of the Airline. The company must determine whether its performance obligation is to provide the service itself (being the Principal) or to arrange for another party to provide the service (being the Agent). Revenues treated as Principal are presented gross of any associated costs, conversely where the company is considered the Agent, revenues are treated as net of associated costs.

Because the identification of the principal in a contract is not always clear, the directors' provided the following non-exhaustive list of indicators that a performance obligation involves an agency relationship:

- Another party has primary responsibility for fulfilling the contract
- The company does not have discretion to establish pricing for the Airline's service
- The company's consideration is in the form of a commission
- The company is not exposed to exchange or credit risk for the amount receivable in exchange for the services.

Accruals

Where costs have not been received or are unknown at the reporting date, management use a prudent standard cost approach, based on significant industry experience, to accrue the associated cost. Under or over accruals are released to the Profit and loss account once the cost is known or after two years.

3. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4. Other operating income

	2019 £	2018 £
Rent receivable	43,600	36,454
Management charges receivable	59,953	73,292
Profit on disposal of fixed assets	1,500	-
	<u>105,053</u>	<u>109,746</u>

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

5. Operating profit

	2019 £	2018 £
Operating profit is stated after charging/ (crediting):		
Depreciation and amortisation of owned fixed assets:	67,774	79,514
Loss on disposal of fixed assets	2,774	-
Operating lease costs – other	14,287	20,632
Revaluation of investment properties	90,444	-
Net profit on foreign currency translation	(38,627)	(67,367)

Auditor's remuneration

The audit fee payable to the company's auditor for the year is £54,500 (2018: £20,000). Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in A.N.A. Aviation Services Limited's accounts since the consolidated accounts of A.N.A. Aviation Services Limited's ultimate parent, Network Aviation Group Limited, are required to disclose non-audit fees on a consolidated basis.

6. Interest

	2019 £	2018 £
Interest receivable and similar income		
Other interest receivable	-	70
	-	70

Interest payable and similar charges

Bank loans and overdrafts	45	-
	45	-

7. Information regarding employees

	2019 No.	2018 No.
The average number of persons employed (including directors) was:		
Administration	15	19
Management	2	3
	17	22

Staff aggregate remuneration comprised:

	£	£
Wages and salaries	547,684	636,204
Social security costs	60,131	76,279
Pension costs	21,304	30,097
	629,119	742,580

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

8. Information regarding directors

	2019 £	2018 £
The directors' aggregate remuneration in respect of qualifying services were:		
Emoluments	-	-
Pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The number of directors who accrued benefits under company pension schemes are as follows:	No.	No.
Money purchase schemes	-	-
	<u>-</u>	<u>-</u>

Directors remuneration is recharged in full from the Company to other Group companies including the ultimate parent company; Network Aviation Group Limited.

9. Tax on profit

The tax charge comprises:

	2019 £	2018 £
Current tax		
United Kingdom corporation tax based on the profit for the year	14,900	68,442
Adjustments in respect of prior years	57,744	(31,260)
Total current tax	<u>72,644</u>	<u>37,182</u>
Deferred tax		
Timing differences, origination and reversal	-	(8,992)
Total deferred tax	<u>-</u>	<u>(8,992)</u>
Tax on profit	<u>72,644</u>	<u>28,190</u>

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

9. Tax on profit (continued)

Factors affecting the total tax charge for the year

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

	2019 £	2018 £
Profit before tax	416,066	325,308
Tax on profit at standard rate 19% (2018: 19%)	79,053	61,808
Effects of:		
Disallowed expenses and non-taxable income	(25,045)	15,657
Change in unrecognised deferred tax assets	-	(8,992)
Accelerated tax allowances	-	(10,316)
Adjustments in respect of prior years	57,744	(31,260)
Other	(39,108)	-
Total tax	72,644	26,897

Factors that may affect future tax charge

The UK corporation tax rate has remained consistent at 19% effective from 1 April 2017 and has been enacted to remain at 19% for the year 1 April 2020. These rates have been reflected in the calculation for deferred tax.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

10. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Investment property £	Total £
Cost/valuation						
At 1 January 2019	7,405	160,804	222,505	693,955	573,719	1,658,388
Additions	-	14,455	2,425	22,556	837	40,273
Disposals	-	(9,995)	-	-	-	(9,995)
Revaluation	-	-	-	-	90,444	90,444
At 31 December 2019	7,405	165,264	224,930	716,511	665,000	1,779,110
Accumulated depreciation						
At 1 January 2019	7,405	116,675	174,626	626,902	-	925,608
Charge for the year	-	12,799	12,283	42,692	-	67,774
Disposals	-	(7,228)	-	-	-	(7,228)
At 31 December 2019	7,405	122,246	186,909	669,594	-	986,154
Net book value						
At 31 December 2019	-	43,018	38,021	46,917	665,000	792,956
At 31 December 2018	-	44,129	47,879	67,053	573,719	732,780

The investment property has been marketed for sale during 2020, using Vail Williams LLP, Chartered Surveyors (regulated by RICS) as their selling agents. The Directors have assessed the fair value of the property to be the marketed asking price and have revalued it as such. A revaluation gain of £90,444 has been recognised in the Statement of comprehensive income.

The bank has a charge over the property.

11. Investments

The company owns 62% of the ordinary shares of DAS Express Limited, a dormant company. The cost of the investment was written down to £nil in 2012. At 31 December 2019 the subsidiary had aggregate negative capital and reserves of £20,761. Due to the dormant status there was £nil profit in the year. The company's registered address is First floor Unit A2, Windsor Place, Faraday Road, Crawley, West Sussex, RH10 9TF.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

12. Debtors

	2019 £	2018 £
Trade debtors	3,544,374	1,423,378
Amounts owed by Group undertakings	40,662,764	29,399,076
Amounts owed by related parties	308,776	35,009
Amounts owed by undertakings in which the company has a participating interest	-	26,077
Other debtors	13,570	103,824
Prepayments and accrued income	116,002	25,807
	<u>44,645,486</u>	<u>31,013,171</u>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

The Company has no debtors falling due after more than one year in the current or preceding year.

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	1,928,122	3,270,760
Trade creditors	1,330,569	1,906,796
Amounts owed to undertakings in which the company has a participating interest	332	59,948
Amounts owed to Group undertakings	40,023,828	23,695,405
Corporation tax	84,139	11,495
Other taxation and social security	73,487	283,807
Other creditors	46,552	6,192
Accruals and deferred income	245,729	355,414
	<u>43,732,758</u>	<u>29,589,817</u>

Amounts owed to Group undertakings includes transactions invoiced by ANA Aviation Services Limited on behalf of a fellow subsidiary.

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The following liabilities disclosed under creditors falling due within one year are secured by the company as per note 14:

	2019 £	2018 £
Bank loans	<u>1,928,122</u>	<u>3,270,760</u>

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

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

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2019 £	2018 £
Bank loans	9,574	45,574

The bank loan relates to a leasehold property included within the accounts of the parent company. Lloyds Bank holds a mortgage dated 1 August 2013 on the leasehold property. The loan is to be repaid quarterly, finishing in March 2021. Interest is charged at LIBOR plus 2.5%.

Lloyds Bank Commercial Finance Ltd holds fixed and floating charges over the undertaking and all property present and future, to secure the liabilities arising from the financing facility utilised by the company, parent company and fellow UK subsidiaries.

Lloyds Bank Plc holds a debenture, secured by a fixed and floating charge on all the property or undertaking of the company, to secure the liabilities arising from the financing facility utilised by the company, parent company and fellow UK subsidiaries.

There are no liabilities disclosed under creditors falling due after more than one year that are due for repayment after more than five years from the balance sheet date.

15. Provision for liabilities

Deferred taxation

The movement in deferred taxation provision during the year was:

	2019 £	2018 £
Provision brought forward	(3,606)	(12,598)
Origination and reversal of timing differences	-	8,992
Provision carried forward	(3,606)	(3,606)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Excess of taxation allowances over depreciation on fixed assets	3,606	3,606

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

16. Called up share capital

	2019 £	2018 £
Called up, allotted and fully paid:		
16,262 ordinary shares of £1 each (2018 – 16,262)	16,262	16,262

17. Contingent liabilities

The company has a contingent liability as joint guarantor for a loan of £15,184,281 taken out by the Network Aviation Group Limited Employee Ownership Trust. The value outstanding, and principal amount, at the end of 2018 was £14,059,519. The loan accrues interest at a rate of 8% per annum. The timing of the settlement of the loan is uncertain as it is only likely to be settled through a future sale of the Group. The Directors consider that the settlement of the above is unlikely to take place before 2028.

The company has a contingent liability as joint guarantor for a loan of £3,000,000 taken out by the Network Aviation Group Limited Employee Ownership Trust with Lloyds Bank and repayable over 3 years. The value outstanding at the end of 2019 was £2,000,000 (2018: £3,000,000). The balance of the loan is recognised as a provision in the financial statements of Network Aviation Group Limited as it is probable that the loan will be settled via gifts paid to Network Aviation Group Limited Employee Ownership Trust from Network Aviation Group Limited.

18. Financial commitments

At 31 December 2019, the company had commitments under non-cancellable operating leases as detailed below.

	Land and buildings 2019 £	Other 2019 £	Restated Land and buildings 2018 £	Other 2018 £
Leases which expire:				
Within one year	103,463	31,484	103,462	31,206
Within two to five years	17,244	24,547	120,707	56,031
	120,707	56,031	224,169	87,237

The 2018 comparative has been restated to enhance the comparability of the disclosure. This restatement has no impact to the profit recognised in 2018 or the amounts disclosed in the Balance sheet as at 31 December 2018.

A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

20. Related party transactions

The company has taken the exemption under the terms of FRS 102 from disclosing transactions with the parent company and other wholly owned members of the Network Aviation Group.

The nature of all related party transactions was that of rendering services.

Included within debtors are the amounts below due from related parties:	2019 £	2018 £
Mr Andrew Ballard (Director)	1,004	756
Mr John Gilfeather (Director)	415	63
ANA Aviation Services (Dubai)	117,810	33,652
Network Airline Services (Malta)	3,524	24,667
Astral Aviation Ltd (Kenya)	171,754	-
Network Airline Services (Rwanda)	2,866	1,410
Network Airline Services (Austria)	11,284	130
Network Airline Services (Jamaica)	119	-
	<hr/>	<hr/>
Included within creditors are the amounts below due to related parties:	2019 £	2018 £
Astral Aviation Ltd (Kenya)	-	33,325
Airborne Pets Ltd	-	26,266
Network Airline Services (Jamaica)	-	357
ANA Aviation Services (Dubai)	63	-
Network Airline Services (Malta)	269	-
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A.N.A. Aviation Services Ltd made sales to related parties as follows:	2019 £	2018 £
Mr Andrew Ballard (Director)	248	-
Mr John Gilfeather (Director)	352	-
Network Airline Services (Jamaica)	118	-
ANA Aviation Services (Dubai)	1,637,863	1,518,716
Airborne Pets Ltd	-	476
Network Airline Services (Malta)	25,165	28,734
Network Airline Services (Austria)	99,197	62,247
Astral Aviation Ltd (Kenya)	28,833	-
Network Airline Services (Rwanda)	1,644	-
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A.N.A. Aviation Services Ltd incurred purchases from related parties as follows:	2019 £	2018 £
ANA Aviation Services (Dubai)	11,110	3,419
Network Airline Services (Malta)	269	-
Astral Aviation Ltd (Kenya)	2,848,195	-
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A.N.A. Aviation Services Limited

Notes to the financial statements For the year ended 31 December 2019

20. Related party transactions (continued)

The Company allows its employees and Directors to use the Company's foreign exchange banking facility for their own personal currency conversions. All amounts are settled by the respective employee or Director immediately and there is no cost to the Company. At 31 December 2019 the balance owed by Directors with respect to foreign exchange transactions was £nil (2018: £nil).

ANA Aviation Services Dubai and Network Airline Services GMBH (Austria) is controlled by a director of ANA Aviation Services Limited.

Network Airline Services (Jamaica) and ANA Aviation Services (Mexico) were all jointly controlled by a director of ANA Aviation Services Limited.

Astral Aviation Limited is a related party because a company within the Group has a participating interest.

21. Events after the balance sheet date

During the first quarter of 2020, the global outbreak of Covid-19 led to a significant reduction in the number of passenger flights globally, with many airlines being grounded completely. Conversely, this has resulted in a significant increase in demand for specialist air freight services from Q2 of 2020, and as a result the group is experiencing unprecedented demand for its air cargo charters.

This increased demand, combined with favourable market economics will result in a significant increase in group profitability for 2020.

In our view, the Coronavirus outbreak is considered to be a non-adjusting post balance sheet event and no adjustments have been made to the results and balances disclosed in the financial statements as a result.

22. Control and ultimate parent company

The company is under the immediate control of ANA Aviation Group Holdings Limited which holds 100% of the issued share capital of the Company. ANA Aviation Group Holdings Limited is a company incorporated in England with registered address Unit A2 Windsor Place Faraday Road, Crawley, West Sussex, RH10 9TF.

Network Aviation Group Limited owns 100% of the share capital of A.N.A. Aviation Group Holdings Limited, hence it is considered to be the ultimate parent company.

Network Aviation Group Limited is a company incorporated in England with registered address Unit A2 Windsor Place Faraday Road, Crawley, West Sussex, RH10 9TF. Network Aviation Group Limited is the largest and smallest Group for which consolidated financial statements are prepared and these can also be obtained from Companies House.

The Network Aviation Group Limited Employee Ownership Trust has a majority shareholding in Network Aviation Group Limited, but control of the Group remains with the Board.