

Crossflight Limited

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 02111027

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Crossflight Limited

Company Information

Directors	R M Stoughton S Darlington E J Barnes B N Morgan P R Stoughton P A Murphy J D Kelly J A Allen
Registered number	02111027
Registered office	Crossflight House Skyway 14 Calder Way Colnbrook Slough SL3 0BQ
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

Crossflight Limited

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Crossflight Limited

Strategic Report For the Year Ended 31 March 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of providing air courier, logistics and mail distribution services.

The company has a service portfolio encompassing international express courier services, U.K. domestic courier services, international mailing and mail room management, logistics, storage, pick and pack and fulfilment services. These services are provided from offices near London Heathrow Airport and Birmingham.

Business review

The year ended 31 March 2020 had all the hallmarks of being another year of unprecedented growth with the injection of both organic and inorganic new business, abruptly halted by a period of disruption due to the onset of the global pandemic. Despite the cycling of a material volume of one-off work undertaken in the prior year, the company compounded the success of last year, increasing EBITDA by 1% to £1,781,206 (2019 - £1,766,636) despite an estimated £319,000 loss of revenue in the final month alone of the trading year as lockdown measures were introduced both domestically and throughout our consignee destinations all over the world.

The company continued to design, innovate and implement new features into the company's internally developed software platform that continues to form the cornerstone of a high-end customer experience, intelligent routing and a platform for agile customer integration. The quality of the company's internal software, combined with a well-funded and highly responsive customer service team, have always enabled Crossflight to deliver outstanding customer care. This has delivered an exceptional level of customer retention and has never been more important than during this recent crisis.

The prior year included an irregular level of one-off administrative revenues which partly inflated the company's top line performance and can have the tendency to distort gross margin percentage. The management team has therefore placed greater emphasis on analysing revenue excluding delivery duty paid (DDP) related revenue streams, stripping the raw top line performance down to a purer form. Excluding these administrative revenues, revenue climbed 3.2% to £16,105,297 (2019 - £15,605,521). This metric will continue to be reported in future versions of the company's financial statements.

The current year included a greater weighting of new revenue following the successful acquisition of Global Options Worldwide Express Limited ('Global Options') on 16 June '19. The process of integration has been remarkably seamless and immediately earnings accretive. Organic progress has largely originated from the expansion in demand from existing clients for whom we continue to play the role of close partner in managing ever larger, more sophisticated projects and distributions. This has been supplemented by a sustained increase in the volume of fulfilment work, a service line that continues to evolve for Crossflight with substantial potential.

Operating profit before tax for the year fell 4.4% to £1,607,940 (2019: £1,681,625) driven by a 4.7% / £267,718 increase in overhead costs. The vast majority of the increase in costs came from the integration of Global Options, the run rate of which fell substantially in the final quarter of the year as the company began to achieve valuable synergies, particularly in staffing and round optimisation.

Principal risks and uncertainties

Competition

The company operates in a highly competitive, demanding and ever evolving market. A commitment towards in house innovation to enhance the exceptional quality of service offering remains at the forefront of the company's strategy. The company continues to develop service solutions designed specifically to meet customer requirements and in doing so, has established a loyal and substantial customer base.

Crossflight Limited

Strategic Report (continued) For the Year Ended 31 March 2020

Macroeconomic

Inherent macro economic uncertainties currently exist both in the domestic and international marketplace and any deterioration in these conditions could prove challenging. While the board retains a watching brief over the UK Government's negotiation with the EU, the exact parameters of the outcome remain undefined. Trade disputes beyond EU waters between some of the world's superpowers can only add to the uncertainty reflected in the global economy. The ongoing macroeconomic effects globally of COVID-19 will also clearly be demanding, but by its nature as a novel virus it is simply not possible to predict with reasonable accuracy at the time of writing what effects this may have. However, the company's long and successful history is much entrenched in an ability to adapt to business demands domestically and internationally. With an agile agent network and proven expertise in delivering both from within the confines of the EU and, more relevantly, to jurisdictions all around the world, Crossflight remains well placed to manage the challenges and opportunities that lie ahead.

Financial risk management

The company continues to be highly cash generative and historically this has contributed to a largely debt free, robust balance sheet position. Management continue to monitor cash reserves and movements in financial instruments on a daily basis.

Credit risk

Bad and doubtful debts decreased to £10,437 (2019 - £14,033). This level represents only 0.06% of turnover and is viewed as a significant cash collection achievement resulting from a combination of credit screening, both prior to opening new sales accounts and at intervals throughout the life of the accounts, good debt collection practice and from the high proportion of business from blue chip and highly creditworthy customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Despite the inherent increase in risk associated with the current pandemic, debtor recovery has continued to be impressively strong, albeit with a variation in the speed of recovery. The company will continue to monitor its debtors and to manage its debtor book in a similarly prudent fashion.

Covid-19

The health and safety of all employees and customers remains paramount and the company is exceptionally proud of the conduct and commitment of our staff in delivering continuity to our customers in a safe and pragmatic fashion. Management has studied Government and industry specific guidance throughout the pandemic and has implemented operational changes, adopted the use of PPE, maintained a COVID- safe environment, and provided, and continues to provide, regular guidance to staff and customers.

Commercially the company and wider industry has not been immune from the impact of Government restrictions and the company experienced a period of both uncertain and subdued demand in the immediate run up to and following the year end. However, the company has consistently demonstrated an ability to weather the most unprecedented challenges during its 33-year existence through offering a wide suite of services to a diverse portfolio of approximately 1,000 active customers. For this reason, the company has continued to experience strong demand for its services.

The directors have monitored the company's performance throughout the course of the current pandemic and undertaken extensive analysis on a wide variety of performance metrics. All metrics have experienced a significant and sustained improvement throughout the summer and the company has continued to generate positive operating profits despite less than favourable conditions. We expect these conditions to remain challenging in the short to medium term but in view of current performance and extensive liquidity, the directors have confidence that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the company continues to adopt the going concern basis of accounting in preparing the financial statements. Further details are given in note 2.2 of the financial statements.

Crossflight Limited

Strategic Report (continued) For the Year Ended 31 March 2020

Strategic overview

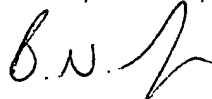
Supply chain continuity, with the ability to be dynamic and agile while supporting that with a superior level of customer care has never been more important than during these extraordinary times. The company has always made a clear strategic choice to invest considerable sums of money into developing and improving its service offering and technological infrastructure. Equally, the company has never bowed to pressure to reduce the resource it commits to having a fully staffed, highly experienced and committed customer service team. This strategy remains ever more important as our customer needs change, whether that be in the form of the facilitation of greater home working, partnering with our clients to devise new and innovative ways to distribute their goods or designing more bespoke integrations with our clients to ensure they can scale quickly and effectively. Principles such as these have supported the company for nearly 33 years and will continue to do so going forward.

The acquisition of Global Options in June '19 was an extension of the company's strategic objective to continue to supplement organic growth through inorganic means. However, the acquisition was not completed without the cultural due diligence deemed necessary to ensure that Global Options brought with it the same commitment to customer care. The Board have been exceptionally pleased with the success of this acquisition: not just from an earnings perspective, but from the perspective of being able to maintain a seamless handover of customer care and to welcome members of staff from Global Options that share the same customer-led ethic as that of Crossflight. Further acquisitions of this nature will continue to form a key component of the company's business strategy as the board continues to assess a steady pipeline of new opportunities.

This report was approved by the board on

15/10/2020

and signed on its behalf.



B N Morgan
Director

Crossflight Limited

Directors' Report For the Year Ended 31 March 2020

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,357,644 (2019 - £1,431,885).

A dividend of £777,955 was paid to shareholders during the year (2019 - £1,114,660).

Directors

The directors who served during the year were:

R M Stoughton
S Darlington
E J Barnes
B N Morgan
P R Stoughton
P A Murphy
J D Kelly
J A Allen

Future developments

There is certainly greater clarity in the market outlook now when compared to the conditions prevailing at the year end. However, Covid-19 and the ongoing Brexit negotiations continue to manifest a level of uncertainty that will continue to shape strategic decision making. The Board have therefore taken steps to streamline costs where appropriate to do so and in areas that will not compromise our service offering. The company has also continued to develop its in-house expertise to cater for potential changes in cross-border controls and compliance that might arise from any customs arrangement contrary to the existing EU framework.

The company experienced some softening in demand during the first half of the summer but has since enjoyed a steady rate of recovery in the second half. With a broad and diversified spectrum of nearly 1,000 customers, the company remains well placed to offset periods of temporary industry specific inactivity. Further, the company continues to service new opportunities that are unlikely to have surfaced during the normal course of trade, complimenting an ever-improving volume of core work.

Financial instruments

The company's operations are financed through a mixture of cash deposits from retained profits (cash at bank and in hand - £2,907,357 (2019 - £2,240,857) and operating leases for vehicles. The company does not enter into any hedging arrangements. The company does not need to make use of an overdraft facility, nor does it use any loan accounts with its bankers or other lenders save for leasing arrangements for some vehicles.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

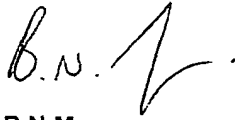
Crossflight Limited

Directors' Report (continued) For the Year Ended 31 March 2020

This report was approved by the board on

15/10/2020

and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B.N.' followed by a stylized flourish.

B N Morgan
Director

Crossflight Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Crossflight Limited

Independent Auditor's Report to the Members of Crossflight Limited

Opinion

We have audited the financial statements of Crossflight Limited ("the company") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 March 2020 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.

Conclusions relating to going concern

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

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

Crossflight Limited

Independent Auditor's Report to the Members of Crossflight Limited (continued)

Other information

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

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

We have nothing to report in this regard.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Crossflight Limited

Independent Auditor's Report to the Members of Crossflight Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at 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 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.

BDO LLP

Mark Hutton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford
United Kingdom

Date: 16 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Crossflight Limited

Statement of Comprehensive Income For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	17,278,128	20,567,265
Cost of sales		(9,657,634)	(13,140,804)
Gross profit		7,620,494	7,426,461
Administrative expenses		(6,012,554)	(5,744,836)
Operating profit	5	1,607,940	1,681,625
Interest receivable and similar income	8	13,738	12,076
Interest payable and similar charges	9	-	(1,283)
Profit before tax		1,621,678	1,692,418
Tax on profit	10	(264,034)	(260,533)
Profit for the financial year		1,357,644	1,431,885
Other comprehensive income		-	-
Total comprehensive income for the year		1,357,644	1,431,885

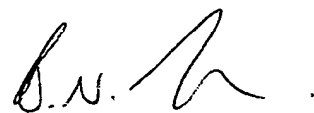
The notes on pages 15 to 31 form part of these financial statements.

Crossflight Limited
Registered number: 02111027

Statement of Financial Position
As at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		429,018		25,307
Tangible assets	13		185,741		170,972
Investments	14		-		100
			<u>614,759</u>		<u>196,379</u>
Current assets					
Debtors: amounts falling due within one year	16	2,023,652		2,576,001	
Cash at bank and in hand		2,907,357		2,240,857	
		<u>4,931,009</u>		<u>4,816,858</u>	
Creditors: amounts falling due within one year	17	(2,242,815)		(2,250,648)	
Net current assets			<u>2,688,194</u>		<u>2,566,210</u>
Total assets less current liabilities			<u>3,302,953</u>		<u>2,762,589</u>
Provisions for liabilities					
Deferred tax	19	(11,949)		(21,525)	
Other provisions	20	(250,251)		(280,000)	
			<u>(262,200)</u>		<u>(301,525)</u>
Net assets			<u><u>3,040,753</u></u>		<u><u>2,461,064</u></u>
Capital and reserves					
Called up share capital	21		62,500		62,500
Share premium account	22		87,250		87,250
Profit and loss account	22		2,891,003		2,311,314
Total equity			<u><u>3,040,753</u></u>		<u><u>2,461,064</u></u>

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



B N Morgan
Director

15/10/2020

The notes on pages 15 to 31 form part of these financial statements.

Crossflight Limited

Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2019	62,500	87,250	2,311,314	2,461,064
Comprehensive income for the year				
Profit for the year	-	-	1,357,644	1,357,644
Total comprehensive income for the year	-	-	1,357,644	1,357,644
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(777,955)	(777,955)
Total transactions with owners	-	-	(777,955)	(777,955)
At 31 March 2020	62,500	87,250	2,891,003	3,040,753

Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2018	62,500	87,250	1,994,089	2,143,839
Comprehensive income for the year				
Profit for the year	-	-	1,431,885	1,431,885
Total comprehensive income for the year	-	-	1,431,885	1,431,885
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,114,660)	(1,114,660)
Total transactions with owners	-	-	(1,114,660)	(1,114,660)
At 31 March 2019	62,500	87,250	2,311,314	2,461,064

The notes on pages 15 to 31 form part of these financial statements.

Crossflight Limited

Statement of Cash Flows For the Year Ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,357,644	1,431,885
Adjustments for:		
Amortisation of intangible assets	94,764	38,805
Depreciation of tangible assets	78,502	46,206
Interest paid	-	1,283
Interest received	(13,738)	(12,076)
Taxation expense	264,034	260,533
Decrease/(increase) in debtors	542,374	(12,454)
(Decrease)/increase in creditors	(36,987)	101,159
(Decrease)/increase in provisions	(29,749)	35,000
Tax paid	(244,356)	(231,889)
Decrease in amounts owed by directors	9,975	9,976
Net cash generated from operating activities	2,022,463	1,668,428
Cash flows from investing activities		
Purchase of intangible fixed assets	(10,000)	(9,294)
Purchase of tangible fixed assets	(81,746)	(127,144)
Consideration paid on acquisition of business combination	(500,000)	-
Interest received	13,738	12,076
Net cash from investing activities	(578,008)	(124,362)

Crossflight Limited

Statement of Cash Flows (continued) For the Year Ended 31 March 2020

	2020 £	2019 £
Cash flows from financing activities		
Dividends paid	(777,955)	(1,114,660)
Interest paid	-	(1,283)
Net cash used in financing activities	(777,955)	(1,115,943)
Net increase in cash and cash equivalents	666,500	428,123
Cash and cash equivalents at beginning of year	2,240,857	1,812,734
Cash and cash equivalents at the end of year	2,907,357	2,240,857
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,907,357	2,240,857

The notes on pages 15 to 31 form part of these financial statements.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. General information

Crossflight Limited is a company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

While the company recognise the inherent uncertainty caused by both COVID-19 and the ongoing Brexit negotiations, the financial statements continue to be prepared on a going concern basis in light of the company's considerable financial resources and resilient post year end trading performance.

The company's net asset position has strengthened between the year end date and the date upon which these financial statements were approved and the company, with exception for standard vehicle leasing arrangements, continues to operate with no need for external debt. The financial statements include an overview of the company's principal risks and uncertainties and there are no mitigating factors that are expected to compromise the director's expectation that the company will remain a going concern for the foreseeable future.

The directors have prepared forecasts and projections covering a period of greater than 12 months from the date of approval of these financial statements which show that the company can continue to operate with the resources currently available. At the time of approving the financial statements, the directors therefore have confidence that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax and is recognised on the delivery date of goods. Turnover relating to the rendering of services is recognised when:

- The amount of turnover can be measured reliably;
- It is probable that the company will receive the consideration due; and
- The costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.7 Intangible assets

Goodwill

Goodwill arising on an acquisition of customer contracts or a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the statement of comprehensive income over the management's estimate of its useful economic life of 5 years. Impairment tests on the carrying value of goodwill are undertaken on an annual basis where impairment indicators are present.

2.8 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 25% per annum
Fixtures and fittings	- 33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

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

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

2.12 Creditors

Short term creditors are measured at the transaction price.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.16 Dilapidations

The company recognises a provision for dilapidation costs where it has a legal obligation to make a payment to a third party. The amount included in the financial statements is the best estimate of the present value of the expenditure required under the terms of the company's property leases.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Taxation

The company provides future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

- Recoverable value of recognised receivables

The recoverability of trade receivables is regularly reviewed in the light of the available economic information specific to each receivable and specific provisions are recognised for balances considered to be irrecoverable.

- Provisions

Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arises solely within the United Kingdom.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	78,502	46,206
Amortisation of intangible assets, including goodwill	94,764	38,805
Fees payable to the company's auditor and its associates for the audit of:		
- the company's annual financial statements	21,330	21,650
- fees payable in relation to accounts preparation services	1,280	1,322
Exchange differences	2,720	2,859
Hire of plant and machinery - operating leases	253,978	205,375
Hire of other assets - operating leases	225,434	247,091
Defined contribution pension cost	101,258	70,073

6. Employees

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

	2020 £	2019 £
Wages and salaries	3,628,014	3,457,670
Social security costs	378,884	348,939
Cost of defined contribution scheme	101,258	70,073
	<u>4,108,156</u>	<u>3,876,682</u>

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

	2020 No.	2019 No.
Average number of employees	<u>130</u>	<u>129</u>

The total compensation of the employees, who are considered to be the key management personnel of the company, was £412,648 (2019 - £380,890).

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	442,982	423,576
Company contributions to defined contribution pension schemes	12,000	12,000
	<u>454,982</u>	<u>435,576</u>

There was 1 director in the company's defined contribution pension scheme during the year (2018 - 1). Company pension contributions of £12,000 (2019 - £12,000) were made to a money purchase scheme on their behalf.

The total amount payable to the highest paid director in respect of emoluments was £125,660 (2018 - £136,995).

8. Interest receivable and similar income

	2020 £	2019 £
Bank interest received	13,587	11,991
Interest receivable on overdue debts	151	85
	<u>13,738</u>	<u>12,076</u>

9. Interest payable and similar charges

	2020 £	2019 £
Other interest payable	-	1,283
	<u>-</u>	<u>1,283</u>

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

10. Taxation on profit on ordinary activities

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	254,458	250,456
Total current tax	<u>254,458</u>	<u>250,456</u>
Deferred tax		
Origination and reversal of timing differences	9,576	10,077
Total deferred tax	<u>9,576</u>	<u>10,077</u>
Taxation on profit on ordinary activities	<u><u>264,034</u></u>	<u><u>260,533</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,621,678</u>	<u>1,692,418</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	308,119	320,144
Effects of:		
Expenses not deductible for tax purposes	37,706	26,569
Depreciation for period in excess/(deficit) of capital allowances	(21,476)	(28,228)
Claim for enhanced relief on research and development expenditure	(69,891)	(66,205)
Other adjustments	-	(3,476)
Charitable donations	-	(399)
Non-trade loan relationships	-	2,051
Deferred tax	9,576	10,077
Total tax charge for the year	<u><u>264,034</u></u>	<u><u>260,533</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

11. Dividends

	2020 £	2019 £
Dividends paid on ordinary shares of £18.78 (2019 - £26.37) per share, and preference shares of £3.20 (2019 - £3.20)	<u>777,955</u>	<u>1,114,660</u>

12. Intangible fixed assets

	IT Software £	Purchased goodwill £	Total £
Cost			
At 1 April 2019	83,110	616,005	699,115
Additions	10,000	488,475	498,475
At 31 March 2020	<u>93,110</u>	<u>1,104,480</u>	<u>1,197,590</u>
Amortisation			
At 1 April 2019	57,803	616,005	673,808
Charge for the year	17,355	77,409	94,764
At 31 March 2020	<u>75,158</u>	<u>693,414</u>	<u>768,572</u>
Net book value			
At 31 March 2020	<u>17,952</u>	<u>411,066</u>	<u>429,018</u>
At 31 March 2019	<u>25,307</u>	<u>-</u>	<u>25,307</u>

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost			
At 1 April 2019	81,762	2,177,176	2,258,938
Additions	-	93,271	93,271
At 31 March 2020	81,762	2,270,447	2,352,209
Depreciation			
At 1 April 2019	73,454	2,014,512	2,087,966
Charge for the year	5,400	73,102	78,502
At 31 March 2020	78,854	2,087,614	2,166,468
Net book value			
At 31 March 2020	2,908	182,833	185,741
At 31 March 2019	8,308	162,664	170,972

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

14. Fixed asset investments

	Investments in subsidiary companies £
At 1 April 2019	100
Write off	(100)
At 31 March 2020	-
Net book value	
At 31 March 2020	-
At 31 March 2019	100

Subsidiary undertakings

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
DDI Worldwide	Ordinary	100%	Dormant

DDI Worldwide Limited was dissolved during the year and the balance of the investment has been written off.

15. Acquisition of Global Options Worldwide Express Limited

On 16 June 2019 the company acquired the trade and assets of Global Options Worldwide Express Limited, a reputable courier company with notable strength in servicing the financial sector express delivery market. A non-contingent cash consideration of £500,000 was paid on the completion date. No outstanding terms exist that would require the company to make any further payments.

The consideration paid represents £11,525 in tangible fixed assets (note 13) and £488,475 in goodwill (note 12).

The useful economic life of the goodwill has been estimated to be 5 years. Included within goodwill are intangible assets that do not require separate recognition. These intangible assets relate to customer lists and customer relationships.

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

16. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	1,684,665	2,220,754
Director loan accounts	12,468	22,443
Other debtors	21,506	40,512
Prepayments and accrued income	305,013	292,292
	<u>2,023,652</u>	<u>2,576,001</u>

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £10,437 (2019 - £14,033).

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,084,890	1,279,825
Amounts owed to group undertakings	-	100
Corporation tax	280,992	251,738
Other taxation and social security	290,029	152,747
Other creditors	5,990	5,717
Accruals and deferred income	580,914	560,521
	<u>2,242,815</u>	<u>2,250,648</u>

18. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>4,625,996</u>	<u>4,587,087</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,528,274)</u>	<u>(1,859,996)</u>

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

18. Financial instruments (continued)

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and directors' loan accounts.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, contingent considerations and accruals.

Information regarding the company's exposure to and management of liquidity risk and credit risk is included in the strategic report.

19. Deferred taxation

	Deferred tax liability £
At beginning of year	(21,525)
Charged to the profit or loss	9,576
At end of year	(11,949)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(11,949)	(21,525)

20. Provisions

	Dilapidations £
At 1 April 2019	280,000
Charged to profit or loss	(29,749)
At 31 March 2020	250,251

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,975 A ordinary shares of £1 each	1,975	1,975
25,000 B ordinary shares of £1 each	25,000	25,000
12,500 C ordinary shares of £1 each	12,500	12,500
23,025 preference shares of £1 each	23,025	23,025
	62,500	62,500

The A ordinary shares, B ordinary shares and C ordinary shares each carry full voting rights and rank pari passu in all respects except in relation to income where each class of share ranks separately with regard to entitlement to dividend such that the directors may at any time resolve to declare or recommend a dividend on one class of share and not on the other classes.

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

Share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

23. Pension commitments

The company contributes towards defined contribution personal pension schemes operated by certain employees. Contributions are charged in the accounts as incurred and there were no outstanding contributions at the statement of financial position date. Pension costs charged in the year were £101,258 (2019 - £70,073) and prepaid pension costs at the year end amounted to £Nil (2019 - £Nil).

Crossflight Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

24. Commitments under operating leases

At 31 March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Land and buildings		
Not later than 1 year	259,450	248,900
Later than 1 year and not later than 5 years	511,024	743,633
	<u>770,474</u>	<u>992,533</u>
	2020 £	2019 £
Other plant and machinery		
Not later than 1 year	149,098	173,508
Later than 1 year and not later than 5 years	130,114	229,581
	<u>279,212</u>	<u>403,089</u>

25. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Loans and transactions concerning directors and officers of the company

On 25 May 2011 the company provided loans of £49,875 to both S Darlington and B N Morgan respectively to enable them to exercise their share options under the company's EMI option scheme. The loans are interest free.

At 31 March 2020, S Darlington and B N Morgan owed the company £6,234 (2019 - £11,222) and £6,234 (2019 - £11,222).

26. Controlling party

The company has no ultimate controlling party.