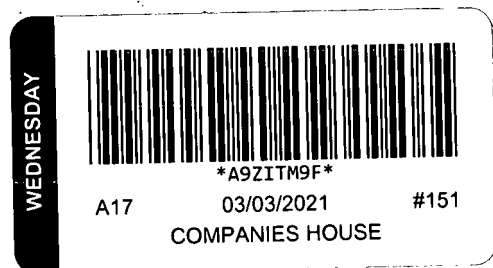


Registered number: 05418081

VISTAIR SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**



VISTAIR SYSTEMS LIMITED

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VISTAIR SYSTEMS LIMITED

COMPANY INFORMATION

Directors

D C R Hedley
I P G Herbert
R L Morgan
D Clarke

Company secretary

I P G Herbert

Registered number

05418081

Registered office

Springfield House
45 Welsh Back
Bristol
BS1 4AG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

VISTAIR SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their Strategic Report for the period from 1 April 2019 to 31 March 2020.

Principal activities

The principal activities of the Company are the provision of innovative technology-based safety, efficiency and compliance solutions to the airline industry through the digital transformation of operational content and processes. The Company serves many of the world's leading airlines throughout Europe, the Middle East, Asia-Pacific and the Americas.

- **Vistair's 45+ airline partners** including the world's most progressive, efficient and profitable airlines
- **Over 25% of Tier 1 airlines** partner with Vistair, including the **#1 US airline** and the **world's top three Low Cost Carriers**
- The **UK Ministry of Defence** and the world's leading Aerospace and Defence companies also entrust Vistair to **improve their operations and proactively manage risk**
- **Over 350,000 end users** benefit from our market leading functionality

The Company provides two industry-leading services:

1. **DocuNet™** – Vistair's end-to-end operational content management platform comprising advanced processing and distribution capabilities, forms as well as a technical editing service; and
2. **SafetyNet®** – Vistair's Safety Management Software ("SMS") – a complete safety, quality, risk management and business intelligence software suite (including proprietary benchmarking) that helps clients establish a robust, sustainable safety culture to proactively manage risk across their organisations.

Vistair's solutions enable organisations to proactively manage safety risk and promote safety with dispersed teams, unlock material cost savings, increase operational efficiency, proactively manage risk, and ensure compliance in a dynamic and highly regulated environment.

VISTAIR SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Business review

Continued growth during a year of significant investment

In the financial year ended 31 March 2020 the Company maintained its strong track record of performance and growth, while continuing to invest significantly in a robust and scalable business.

The Company has continued to deliver strong revenue growth - 12% year on year, driven by a combination of long-term recurring revenues, new customer wins as well as a deepening of relationships with existing partners. DocuNet revenues increased 25% year on year with continued momentum of strategic wins and deepening partner relationships. The SMS business also performed well, sustaining revenue and increasing gross profit 12% during a year of significant investment in Vistair's next-generation SMS suite, which is now being rolled out to a selection of clients.

New customer wins include leading players within the European, North American and Asia-Pacific commercial aviation markets as well as the Aerospace and Defence market, as these sectors continue to move towards more efficient digital solutions.

This growth has been complemented by both strong growth in profitability, with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) increasing by 27% year on year to £1.9m, and strong cash generation. The Company continues to make significant investments, to support sustained long-term growth and service excellence, including in the following areas:

- **Product innovation** to deliver increased end-user experience and functionality, which continues to unlock operational and financial benefits for Vistair's partners. DocuNet innovation during the year included the successful release of Authoring Hub and DocuNet Forms as well as a range of enhancements to handle complex OEM operational data sets. A key focus this year in the SMS business has been on the development of Vistair's next generation integrated SafetyNet® platform, powered by Vistair One, and the business intelligence module Vistair Intelligence;
- **Building teams and skillsets** in key functions to further enhance Vistair's Customer Success, Product Management, Project Management, Mobile, UI, Database and Mobile teams, as well as continuing to build out a network of key market influencers; and
- **Military-grade security and enterprise-class infrastructure** supporting world class availability, confidentiality and data integrity through application by design.

Key performance indicators

The Company closely monitors a range of quality assurance, operational and financial metrics on a daily, weekly and monthly basis, comparing and benchmarking these to market leading performance of comparable technology and technology-enabled businesses.

Long-term contractual Annually Recurring Revenues (ARR) (Revenues derived from contracts with a term of greater than 12 months) represent 75% of total revenues and are complemented by material additional recurring-in-nature revenues from existing customers as they continue to extend Vistair's DocuNet™ Managed Service and SafetyNet® throughout their operations.

Principal risks and uncertainties

The aviation service market is a dynamic market and the Company has continued to invest in its software suite and service offering to retain its reputation for innovation and service excellence. Across the Company, Vistair works closely with customers to shape a customer-led product and innovation roadmap, which is agreed at a Board level.

Given the business-critical nature of the Company's services and solutions within customer's operations, the Company proactively monitors and reviews application availability, service levels and quality control maintain a robust and market leading service.

As a technology business, cyber security, data protection and disaster recovery are strategic priorities across the various business units and are proactively reviewed and tested on an ongoing basis. Throughout the COVID crisis Vistair teams have been able to deliver a seamless service to clients remotely.

The Company's principal financial risk flows from the general market level of demand, given the relatively fixed cost base. The critical nature of our services has been amply demonstrated during the COVID crisis with ARR highly resilient despite the extreme difficulties faced by the industry. We continually monitor aviation and aerospace market conditions and are in regular contact with customers to understand the level of ongoing demand in order to ensure we are staffed at the appropriate level.

The Group is funded by a combination of equity and shareholder loans, the latter of which attracts rolled up interest. Management regularly monitors financial performance and cashflow forecasts to ensure the Group and Company continue to have adequate resources in place.

Response to COVID-19

In March 2020, the COVID-19 pandemic grounded the majority of passenger flights globally with a major impact on the aviation industry, including the insolvencies of a growing number of airlines and the halting of all discretionary spending. In respect of the airline's scheduled operating capacity, it is critical that the airline maintains full operating capabilities to retain Airline Operating Certificates, which ensures the ongoing use of Vistair's products and services, which are deemed business critical due to the regulatory requirements. The majority of the Company's contracts are long term contracts with larger, more resilient airlines, meaning the impact on the Company is limited to airline insolvencies and revenue from airline's discretionary expenditure. There has been a limited short to medium impact of slower cash collection as a small minority of customers have sought extensions to payment terms during the early stages of the COVID crisis. Despite the latter, the Company has improved its overall cash position relative to the prior year.

Following the year end, the Company has made use of relevant government support including the Coronavirus Job Retention Scheme, a loan of £1.15m under the Coronavirus Business Interruption Loan Scheme and the US CARES Act to reduce the cashflow impact on the business and provide additional financial headroom. Robust working capital and cashflow management, strict discretionary cost control and extensive cashflow scenario planning with ongoing end market review all ensure the business retains a solid and defensive Balance Sheet with appropriate cash reserves.

Prior to the onset of COVID-19, only 30 airlines globally were profitable, all within the context of a relatively benign market conditions, which included strong market demand and relatively low fuel prices. The airline industry was focused on top line growth within a highly competitive market. The COVID-19 crisis and resulting lower medium-term market demand has refocused airline C-Suites and investors on core fundamentals such as profitability, cashflow generation and operational efficiency. This has accelerated the ongoing long-term trend to enhance operational efficiency through digitisation and consolidation of legacy and siloed systems, with enterprise-wide platforms, all within the context of a data intense, process intense and heavily regulated environment. Vistair's product portfolio positions the Company to benefit from these trends and this has been demonstrated by Vistair winning new customers throughout the crisis.

VISTAIR SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Principal risks and uncertainties (continued)

The Aerospace and Defence market within which Vistair operates has been more insulated from the economic impact of COVID-19, albeit subject to increased pressure to demonstrate operational efficiency and value for money given public funding pressures. Historically the Aerospace and Defence market has tended to lag the commercial sector in adoption of digital technologies, although digitalisation has noticeably accelerated due to similar pressures to consolidate legacy and siloed systems, enhance operational efficiency and meet increasing level of compliance and regulation as well as in response to increased end user pressure for highly functional mobile platforms.

The business quickly moved to a 100% remote operational footing at the start of the crisis. The diligence of our teams together with long term investment in disaster recovery planning and infrastructure ensured Vistair has been able to service all our customers to our existing high standards and market-leading service levels throughout the crisis.

The Board continues to proactively monitor the impact of COVID-19 on the business from strategic financial, operational and team perspectives. The safety of our employees is central to this strategy and post year end there has been a phased reopening of the office in parallel to continued flexible working for all employees.

Engagement with stakeholders

The Company communicates regularly with stakeholders, including employees, customers and suppliers, the community and the environment, and its shareholders. It communicates with stakeholders both as groups and individually through a range of methods, including direct dialogue, formal and informal e-mail communication, through platforms and portals used in operations, and via its social media channels.

The Board reviews strategic, operational and financial performance information and regulatory and compliance information which is presented and discussed at each Board meeting. Clear internal reporting channels enable the Board to stay informed of arising matters.

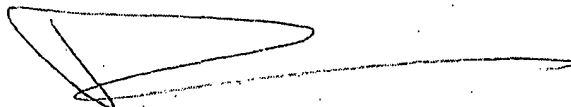
In its decision making, the Board acts in a way which, having regard to the impact of its decisions on stakeholders, promotes the success of the Company.

Directors' policies for managing principal risks

The Company has an ongoing process for identifying, evaluating and managing the risks faced by the business. Risk reviews and quality reviews are undertaken regularly across the business units to identify and assess key risks associated with the achievement of the Company's business objectives.

Through the COVID-19 crisis, the cadence of Board level activity has been significantly increased to ensure the business is able to proactively review and respond to the rapidly evolving situation, whether that be strategic opportunities, financial or operational considerations or employee safety.

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



R L Morgan
Director

Date: 2 NOVEMBER 2020

VISTAIR SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements of Vistair Systems Limited (the "Company") for the year ended 31 March 2020.

Results and dividends

The profit for the financial year amounted to £1,026,258 (2019: £746,117).

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

Directors

The directors who served during the year and up to the date of signing the financial statements were:

D C R Hedley
I P G Herbert
R L Morgan
D Clarke

Going concern

In March 2020, the COVID-19 pandemic grounded the majority of passenger flights globally with a major impact on the aviation industry, including the insolvencies of a growing number of airlines and the halting of all discretionary spending. The majority of the Company's contracts are long term contracts for essential regulatory services with larger, more resilient airlines, meaning the impact on the Company is limited to airline insolvencies and revenue from airline's discretionary expenditure, with a limited short to medium impact of slower cash collection as a small minority of customers have sought extensions to payment terms during the early stages of the COVID crisis. Despite the latter, the Group has improved its overall cash position relative to the prior year.

To safeguard against these impacts and build a cash reserve, the Company has taken actions including placing a number of staff on furlough and halting all discretionary expenditure. The Company has also received UK and US Government support through several of the available schemes including a Coronavirus Business Interruption Loan Scheme of £1.15m after the year end (see also note 26 for further details). The directors monitor cash balances, customer collections and supplier and payroll payments daily and review longer term sustainability of spending regularly.

As of the date of signing of these financial statements airlines have restarted flights and, while there is still considerable uncertainty, after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments

The Company will continue to provide leading technology-based safety, efficiency and compliance solutions to the airline industry.

Post balance sheet event

On 6 June 2020, the Company drew down a bank loan under the Coronavirus Business Interruption Loan Scheme. See note 26 to the financial statements for further details.

Financial risk management

The financial risks of the Company and their management are details in the Strategic Report on page 4 to 5.

VISTAIR SYSTEMS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Disclosure of information to auditors

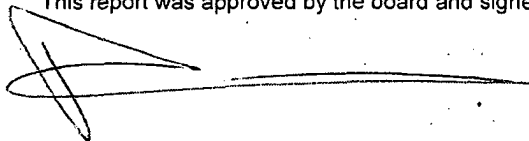
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



R.L Morgan
Director

Date: 2 NOVEMBER 2020

VISTAIR SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTAIR SYSTEMS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Vistair Systems Limited's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

VISTAIR SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTAIR SYSTEMS LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

VISTAIR SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTAIR SYSTEMS LIMITED
(CONTINUED)

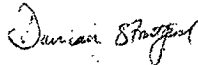
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 2 November 2020

VISTAIR SYSTEMS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	9,606,542	8,593,802
Cost of sales		(4,190,351)	(3,800,837)
Gross profit		5,416,191	4,792,965
Administrative expenses		(4,336,024)	(3,991,401)
Other operating income	5	158,747	90,006
Operating profit	6	1,238,914	891,570
Interest payable and similar expenses	10	(17,010)	(23,139)
Profit before taxation		1,221,904	868,431
Tax on profit	11	(195,646)	(122,314)
Profit for the financial year		1,026,258	746,117
Total comprehensive income for the financial year		1,026,258	746,117

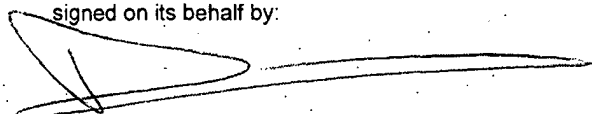
The notes on pages 14 to 28 form part of these financial statements.

VISTAIR SYSTEMS LIMITED
REGISTERED NUMBER: 05418081

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	1,220,490	686,147
Tangible assets	13	480,146	554,481
Investments	14	38,336	38,336
		<u>1,738,972</u>	<u>1,278,964</u>
Current assets			
Debtors	15	3,480,074	2,729,624
Cash at bank and in hand	16	2,761,049	2,598,945
		<u>6,241,123</u>	<u>5,328,569</u>
Creditors: amounts falling due within one year	17	(3,940,725)	(3,604,582)
Net current assets		<u>2,300,398</u>	<u>1,723,987</u>
Total assets less current liabilities		<u>4,039,370</u>	<u>3,002,951</u>
Creditors: amounts falling due after more than one year	18	(98,231)	(197,944)
Provisions for liabilities			
Deferred tax	19	(276,117)	(166,243)
Net assets		<u>3,665,022</u>	<u>2,638,764</u>
Capital and reserves			
Called up share capital	20	66	66
Share premium account	22	45,845	45,845
Capital redemption reserve	22	39	39
Profit and loss account	22	3,619,072	2,592,814
Total shareholder's funds		<u>3,665,022</u>	<u>2,638,764</u>

The financial statements on pages 11 to 28 were approved and authorised for issue by the board and were signed on its behalf by:



R L Morgan
 Director

Date: 2 NOVEMBER 2020

The notes on pages 14 to 28 form part of these financial statements.

VISTAIR SYSTEMS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total shareholder's funds £
At 1 April 2018	66	45,845	39	1,846,697	1,892,647
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	746,117	746,117
Total comprehensive income for the financial year	-	-	-	746,117	746,117
At 31 March 2019 and 1 April 2019	66	45,845	39	2,592,814	2,638,764
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,026,258	1,026,258
Total comprehensive income for the financial year	-	-	-	1,026,258	1,026,258
At 31 March 2020	66	45,845	39	3,619,072	3,665,022

The notes on pages 14 to 28 form part of these financial statements.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Vistair Systems Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Springfield House, 45 Welsh Back, Bristol, BS1 4AG.

The principal activities of the Company are the provision of leading technology-based safety, efficiency and compliance solutions to the airline industry.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 following principal accounting policies have been applied consistently throughout the year:

2.2 Financial Reporting Standard 102 - Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vistair Group Limited as at 31 March 2020 and these financial statements may be obtained from Springfield House, 45 Welsh Back, Bristol, BS1 4AG.

2.3 Consolidation exemption

The Company is a wholly owned subsidiary of Vistair Group Limited and is included in the consolidated financial statements of Vistair Group Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (CONTINUED)

2.4 Going concern

In March 2020, the COVID-19 pandemic grounded the majority of passenger flights globally with a major impact on the aviation industry, including the insolvencies of a growing number of airlines and the halting of all discretionary spending. The majority of the Company's contracts are long term contracts for essential regulatory services with larger, more resilient airlines, meaning the impact on the Company is limited to airline insolvencies and revenue from airline's discretionary expenditure, with a limited short to medium impact of slower cash collection as a small minority of customers have sought extensions to payment terms during the early stages of the COVID crisis. Despite the latter, the Group has improved its overall cash position relative to the prior year.

To safeguard against these impacts and build a cash reserve, the Company has taken actions including placing a number of staff on furlough and halting all discretionary expenditure. The Company has also received UK and US Government support through several of the available schemes including a Coronavirus Business Interruption Loan Scheme loan of £1.15m after the year end (see also note 26 for further details). The directors monitor cash balances, customer collections and supplier and payroll payments daily and review longer term sustainability of spending regularly.

As of the date of signing of these financial statements airlines have restarted flights and, while there is still considerable uncertainty, after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (CONTINUED)

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Development expenditure	-	3 years
Computer software	-	4 - 5 years

Costs associated with maintaining developed products are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.7 Tangible 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.

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:

Short term leasehold property	-	straight line over the life of the lease
Office equipment	-	4 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (CONTINUED)

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 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.

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 non-puttable 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 are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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.

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

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised over the vesting period. The fair value of the award takes into account market vesting conditions, non-market vesting conditions and non-vesting conditions in accordance with the terms and conditions of the option scheme. Where there is no vesting period, the fair value of the options is recognised in full immediately.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (CONTINUED)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

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'.

2.15 Finance costs

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

2.16 Pensions

Defined contribution pension plan

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

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

2.17 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 Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (CONTINUED)

2.18 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 Balance Sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Recognition and measurement of development expenditure and useful economic life of capitalised development

The Company uses judgements about whether development projects meet the criteria for recognition and estimates in calculating the costs associated with the projects. Estimates are based on the allocation of employees' time directly attributable to the projects.

The annual amortisation charge for intangible assets acquired is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually and are amended when necessary to reflect current estimates.

See note 12 for the carrying amount of intangible assets acquired and note 2.6 for the accounting policy for intangible assets.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	2,493,397	2,853,546
Rest of Europe	2,132,751	1,692,969
Rest of the world	4,980,394	4,047,287
	<u>9,606,542</u>	<u>8,593,802</u>

5. Other operating income

	2020 £	2019 £
Other operating income	<u>158,747</u>	<u>90,006</u>

6. Operating profit

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

	2020 £	2019 £
Depreciation of tangible assets	201,531	168,889
Amortisation of intangible assets	414,639	405,671
Exchange differences	(35,852)	(11,209)
Operating lease rentals	84,798	84,634
Provision for impairment of trade debtors	31,500	30,600
	<u>31,500</u>	<u>30,600</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>22,000</u>	<u>11,000</u>
Fees payable to the auditors in respect of:		
Non-audit fees	<u>34,006</u>	<u>13,250</u>

VISTAIR SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Employees

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

	2020 £	2019 £
Wages and salaries	3,912,913	4,045,115
Social security costs	500,510	390,413
Other pension costs	226,276	305,086
	<u>4,639,699</u>	<u>4,740,614</u>

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

	2020 Number	2019 Number
Average employees	<u>119</u>	<u>106</u>

9. Directors' remuneration

The remuneration of the directors of the Company is borne by the parent entity, Vistair Limited.

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	-	21
Finance leases and hire purchase contracts	17,010	23,118
	<u>17,010</u>	<u>23,139</u>

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Tax on profit

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	80,153	25,910
Adjustments in respect of prior years	(53)	(40,423)
Total current tax	<u>80,100</u>	<u>(14,513)</u>
Deferred tax		
Origination and reversal of timing differences	95,935	152,775
Changes to tax rates	19,564	(13,549)
Adjustments in respect of prior years	47	(2,399)
Total deferred tax	<u>115,546</u>	<u>136,827</u>
Total tax	<u>195,646</u>	<u>122,314</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 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Profit before taxation	<u>1,221,904</u>	<u>868,431</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	232,162	165,002
Effects of:		
Expenses not deductible for tax purposes	42,240	30,784
Adjustments to tax charge in respect of prior years	-	(42,822)
Adjustment in research and development tax credit	(30,169)	(17,101)
Tax rate changes	19,564	(13,549)
Effects of group relief/other reliefs	(68,151)	-
Total tax charge for the financial year	<u>195,646</u>	<u>122,314</u>

VISTAIR SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Tax on profit (CONTINUED)

Factors that may affect future tax charges

A reduction to the corporation tax rate (reducing the rate to 17%) for the year commencing 1 April 2020, was enacted in 2016. Accordingly, the relevant opening deferred tax balances have been measured at 17%. Prior to year end, a reversal of these plans and maintenance of the current 19% rate was substantively enacted on 17 March 2020. As such, the closing deferred tax balances have been restated at a corporation tax rate of 19%, which is the anticipated UK tax rate for all future periods.

12. Intangible assets

	Development expenditure £	Computer software £	Total £
Cost			
At 1 April 2019	2,180,787	61,234	2,242,021
Additions	943,643	5,339	948,982
At 31 March 2020	<u>3,124,430</u>	<u>66,573</u>	<u>3,191,003</u>
Accumulated amortisation			
At 1 April 2019	1,509,653	46,221	1,555,874
Charge for the year	409,173	5,466	414,639
At 31 March 2020	<u>1,918,826</u>	<u>51,687</u>	<u>1,970,513</u>
Net book value			
At 31 March 2020	<u>1,205,604</u>	<u>14,886</u>	<u>1,220,490</u>
At 31 March 2019	<u>671,134</u>	<u>15,013</u>	<u>686,147</u>

Additions of £943,643 relate to development expenditure on software products which meets the capitalisation criteria set out in note 2.6.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Tangible assets

	Short term leasehold property £	Office equipment and fixtures & fittings £	Total £
Cost			
At 1 April 2019	522,507	502,589	1,025,096
Additions	-	127,196	127,196
At 31 March 2020	<u>522,507</u>	<u>629,785</u>	<u>1,152,292</u>
Accumulated depreciation			
At 1 April 2019	206,508	264,107	470,615
Charge for the year	104,502	97,029	201,531
At 31 March 2020	<u>311,010</u>	<u>361,136</u>	<u>672,146</u>
Net book value			
At 31 March 2020	<u>211,497</u>	<u>268,649</u>	<u>480,146</u>
At 31 March 2019	<u>315,999</u>	<u>238,482</u>	<u>554,481</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Short term leasehold property	<u>211,497</u>	<u>315,999</u>

VISTAIR SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 April 2019	38,336
At 31 March 2020	<u>38,336</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vistair Systems North America Inc.	1452 Hughes Road, Suite 200, Grapevine, Texas 76051, United States	Business development for group companies	Ordinary	100%

15. Debtors

	2020 £	2019 £
Trade debtors	3,111,202	2,395,116
Other debtors	-	3,623
Tax recoverable	137,344	98,444
Prepayments and accrued income	231,528	232,441
	<u>3,480,074</u>	<u>2,729,624</u>

Trade debtors are stated net of a provision for impairment of £31,500 (2019: £86,600).

VISTAIR SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	<u>2,761,049</u>	<u>2,598,945</u>

17. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	189,780	151,550
Amounts owed to group undertakings	683,274	554,437
Other creditors	36,995	-
Taxation and social security	321,212	316,457
Obligations under finance lease and hire purchase contracts	99,712	92,590
Accruals and deferred income	2,609,752	2,489,548
	<u>3,940,725</u>	<u>3,604,582</u>

Liabilities under hire purchase agreements are secured on certain items of tangible assets.

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	<u>98,231</u>	<u>197,944</u>

VISTAIR SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

19. Deferred tax

	2020 £
At beginning of year at 1 April 2019	(166,243)
Charged to profit or loss	(115,546)
Adjustment in respect of prior years	5,672
Movement arising from the transfer of trade	
At end of year at 31 March 2020	(276,117)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(288,818)	(170,412)
Short term timing differences	12,701	4,169
	<u>(276,117)</u>	<u>(166,243)</u>

20. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
65,695 (2019: 65,695) Ordinary shares of £0.001 (2019: £0.001) each	<u>66</u>	<u>66</u>

21. Share based payments

The Group established an HMRC approved 'Vistair Group Limited 2017 Enterprise Management Incentive Plan' in 2017 of which the Company is a member. Up to 15,000 options vest at the point of an exit subject to certain vesting conditions. The option valuation was based on the fair value at the grant date without taking into consideration any future performance of the Group. As the valuation of the options which are expected to vest is not material, no amount has been recognised in the financial statements.

VISTAIR SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22. Reserves

Share premium account

Share premium represents the amount subscribed for share capital in excess of the nominal value.

Capital redemption reserve

The capital redemption reserve represents the amount by which share capital has been reduced on repurchase of the Company's own shares.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Company less any distributions made to the owners of the Company.

23. Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered funds. The pension charge amounted to £226,276 (2019: £305,086).

24. Commitments under operating leases

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

	2020 £	2019 £
Not later than 1 year	96,799	129,066
Later than 1 year and not later than 5 years	-	88,144
	<u>96,799</u>	<u>217,210</u>

After the year end, the Company entered into an agreement to extend the operating lease term in return for lower payments. As this agreement was after the year end it has not been reflected in the above figures.

25. Ultimate parent undertaking and controlling party

The Company is 100% owned by Vistair Limited. Its ultimate controlling party is Synova Capital LLP. The smallest and largest undertaking into which the financial statements of the Company are consolidated is Vistair Group Limited.

26. Post balance sheet event

On 6 June 2020, the Company drew down a bank loan under the Coronavirus Business Interruption Loan Scheme. The balance drawn down was £1,150,000. No interest is payable and no repayments are due on the loan for the first 12 months. Thereafter interest is payable at a rate of 1.33% above the Bank of England base rate and the loan is repayable in equal monthly instalments up to December 2022.