

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023
FOR
MEL AVIATION LIMITED

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for the year ended 31 October 2023

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MEL AVIATION LIMITED
COMPANY INFORMATION
for the year ended 31 October 2023

DIRECTORS: Mr N F Smith
Mr G W Harvey

REGISTERED OFFICE: Laurence Walter House
Addison Road
Chilton Industrial Estate
Sudbury
Suffolk
CO10 2YW

REGISTERED NUMBER: 00939400 (England and Wales)

SENIOR STATUTORY AUDITOR: Mr Paul Dell F.C.A.

AUDITORS: Raffingers LLP, Statutory Auditor
Chartered Certified Accountants
19-20 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

GROUP STRATEGIC REPORT
for the year ended 31 October 2023

The directors present their strategic report of the company and the group for the year ended 31 October 2023.

REVIEW OF BUSINESS

Group turnover increased substantially by 76% to £33.9m (2022: £19.2m). The gross margin reduced from 39.8% to 32.1% as a lower margin was expected on large project. Group operating profit before exceptional write downs and provisions amounted to £4.8m (2022: £2.3m) and exceptional write downs amounted to nil (2022:£500k).

The state of affairs at the balance sheet date is considered to be satisfactory with group net assets of £24.2m (2022: £21.9m).

A review of the groups activities is given below:-

MEL Aviation Limited, the parent company, based in Sudbury, Suffolk, supplies aviation support services to the military and civil aircraft industry. The company traded profitably and operating profit amounted to £4.2m (2022: £2.0m).The resulting profit before tax after exceptional write offs for the year was £4.3m (2022: £512k - after exceptional write offs of £1.5m). The state of affairs at the balance sheet date is considered to be satisfactory.

Arrowsmith Engineering and Consultants Ltd, a business based in Hampshire supplies engineering and consultancy services to the aviation industry, mainly in relation to the helicopter industry. The business traded profitably during the year with profit before tax of £247k (2022: £338k). The state of affairs at the balance sheet date is considered to be satisfactory.

Headset Services Ltd, now relocated in Sudbury, supplies headset equipment to the aircraft industry and other sectors. The business traded profitably during the year with a profit before tax of £194k (2022:£8.5k). The state of affairs at the balance sheet date is considered to be satisfactory.

MEL Aviation GmbH, a subsidiary company based in Hamburg, Germany, generated a loss of £25.7k (2022: £1m - profit after trade debt write backs). The state of affairs at the balance sheet date remains in line with the prior year.

SMA Plastics Limited, a plastics manufacturing business that operates in Sudbury, traded profitably during the year with before tax of £74k (2022: £165k loss).

The key financial performance indicators for the group are as follows:-

	2023	2022	Measure
Gross Profit Margin	32.1%	39.8%	Gross Profit/Turnover
Debtors days	95 days	236 days	Trade Debtors/Turnover
Creditors days	114 days	131 days	Trade Creditors/Cost of Sales

PRINCIPAL RISKS AND UNCERTAINTIES

The group faces the usual business risks of competition within its sector and pressure on prices. These risks are mitigated by the directors continuously driving the business forward into new product areas and niche markets where prices can be maintained at profitable levels.

The principal risks and uncertainties affecting the Group include:

- Retention of customers - the company maintains strong relationships with each of its key customers and has established procedures for monitoring performance and service levels.
- Competitive risk - the company's expertise and efficiency in its marketplace and its diversity of operations helps to mitigate the possible effect of action by any one single competitor.
- Manufacturing labour costs - the group has a factory facility in Serbia. This has allowed it to maintain tight control over its manufacturing cost base whilst still maintaining excellent quality in its products.
- Quality control risks - the group maintains strict quality control over its products. It holds appropriate approval with the Civil Aviation Authority (CAA) and the Federal Aviation Authority (FAA) along with other organisations to enable it to carry on its activities in various jurisdictions around the world.

The directors believe that the group has adequate resources in place to meet its forecast trading requirements and all risks and uncertainties are managed appropriately.

GROUP STRATEGIC REPORT
for the year ended 31 October 2023

FUTURE DEVELOPMENTS

The group continues to seek to develop and expand its product range and service offering to its major customers, taking advantage of opportunities both in the UK and worldwide. The directors are confident of sustainable future growth in its precision engineering sector.

EMPLOYEES

The group operates an equal opportunities policy. The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability. Should, for whatever reason, an employee of the group becomes disabled whilst in the employment, every step, where appropriate will be taken to assist with rehabilitation and suitable re-training.

The group maintains its own health, safety and environmental policies covering all aspect of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the group is responsive to the needs of the employees and the environment.

FINANCIAL INSTRUMENTS

The group has no funding facilities with its bank as it relies on its own cash reserves for its working capital requirements. The group has not entered into any hedging arrangements as the directors perceive the exchange rate risk to the business to be low.

ON BEHALF OF THE BOARD:

Director

25 July 2024

REPORT OF THE DIRECTORS
for the year ended 31 October 2023

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2023.

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2023 was £1,789,000 (2022:£1,404,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2022 to the date of this report.

Mr N F Smith
Mr G W Harvey

Other changes in directors holding office are as follows:

Mr N G Harvey - resigned 18 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr G W Harvey - Director

25 July 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MEL AVIATION LIMITED

Opinion

We have audited the financial statements of MEL Aviation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2023 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 October 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MEL AVIATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected transactions;
- tested the appropriateness of journal entries;
- tested authorisation of expenditure;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

To address the risk that revenue could be misstated due to fraud, we:

- obtained an understanding of the company's revenue recognition policies and compared these to the accounting standard;
- performed a walkthrough to confirm our understanding of the processes and controls through which the business initiates, records, processes and reports revenue transactions;
- tested a sample of revenue transactions to supporting evidence; and
- tested, on a sample basis, revenue related balances in the balance sheet.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MEL AVIATION LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Mr Paul Dell F.C.A. (Senior Statutory Auditor)
for and on behalf of Raffingers LLP, Statutory Auditor
Chartered Certified Accountants
19-20 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

25 July 2024

**CONSOLIDATED
INCOME STATEMENT
for the year ended 31 October 2023**

	Notes	2023 £	2022 £
TURNOVER	4	33,912,585	19,215,433
Cost of sales		<u>(23,023,558)</u>	<u>(11,569,352)</u>
GROSS PROFIT		10,889,027	7,646,081
Administrative expenses		<u>(6,138,988)</u>	<u>(5,697,669)</u>
		4,750,039	1,948,412
Other operating income		<u>83,903</u>	<u>343,685</u>
OPERATING PROFIT	7	4,833,942	2,292,097
Trade balances written off	8	<u>-</u>	<u>(500,000)</u>
		4,833,942	1,792,097
Interest receivable and similar income	9	<u>57,998</u>	<u>4,485</u>
		4,891,940	1,796,582
Interest payable and similar expenses	10	<u>(12,241)</u>	<u>(3,395)</u>
PROFIT BEFORE TAXATION		4,879,699	1,793,187
Tax on profit	11	<u>(848,854)</u>	<u>58,150</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,030,845</u>	<u>1,851,337</u>
Profit attributable to: Owners of the parent		<u>4,030,845</u>	<u>1,851,337</u>

The notes form part of these financial statements

CONSOLIDATED
OTHER COMPREHENSIVE INCOME
for the year ended 31 October 2023

	2023	2022
Notes	£	£
PROFIT FOR THE YEAR	4,030,845	1,851,337
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,030,845</u>	<u>1,851,337</u>
Total comprehensive income attributable to: Owners of the parent	<u>4,030,845</u>	<u>1,851,337</u>

The notes form part of these financial statements

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

CONSOLIDATED BALANCE SHEET

31 October 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	14		240,377		-
Tangible assets	15		826,133		675,206
Investments	16		982,410		-
Investment property	17		392,294		392,294
			<u>2,441,214</u>		<u>1,067,500</u>
CURRENT ASSETS					
Stocks	18	9,077,200		6,714,778	
Debtors	19	18,816,354		19,013,858	
Cash at bank and in hand		<u>11,086,126</u>		<u>6,402,725</u>	
		38,979,680		32,131,361	
CREDITORS					
Amounts falling due within one year	20	<u>17,013,146</u>		<u>11,195,411</u>	
NET CURRENT ASSETS			<u>21,966,534</u>		<u>20,935,950</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			24,407,748		22,003,450
CREDITORS					
Amounts falling due after more than one year	21		(185,525)		-
PROVISIONS FOR LIABILITIES	24		<u>(52,651)</u>		<u>(75,723)</u>
NET ASSETS			<u>24,169,572</u>		<u>21,927,727</u>
CAPITAL AND RESERVES					
Called up share capital	25		3,100		3,100
Revaluation reserve	26		220,235		220,235
Retained earnings	26		23,946,237		21,704,392
SHAREHOLDERS' FUNDS			<u>24,169,572</u>		<u>21,927,727</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2024 and were signed on its behalf by:

Mr G W Harvey - Director

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

COMPANY BALANCE SHEET

31 October 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	14		240,377		-
Tangible assets	15		609,556		525,616
Investments	16		2,423,117		1,440,707
Investment property	17		392,294		392,294
			<u>3,665,344</u>		<u>2,358,617</u>
CURRENT ASSETS					
Stocks	18	6,780,857		5,309,672	
Debtors	19	19,431,865		19,890,005	
Cash at bank and in hand		<u>10,219,040</u>		<u>5,455,752</u>	
		36,431,762		30,655,429	
CREDITORS					
Amounts falling due within one year	20	<u>15,903,845</u>		<u>10,665,521</u>	
NET CURRENT ASSETS			<u>20,527,917</u>		<u>19,989,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			24,193,261		22,348,525
CREDITORS					
Amounts falling due after more than one year	21		(103,240)		-
PROVISIONS FOR LIABILITIES	24		<u>(37,518)</u>		<u>(60,590)</u>
NET ASSETS			<u>24,052,503</u>		<u>22,287,935</u>
CAPITAL AND RESERVES					
Called up share capital	25		3,100		3,100
Revaluation reserve	26		220,235		220,235
Retained earnings	26		23,829,168		22,064,600
SHAREHOLDERS' FUNDS			<u>24,052,503</u>		<u>22,287,935</u>
Company's profit for the financial year			<u>3,553,568</u>		<u>598,119</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2024 and were signed on its behalf by:

Mr G W Harvey - Director

The notes form part of these financial statements

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 October 2023

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 November 2021	3,100	21,308,920	168,370	21,480,390
Changes in equity				
Dividends	-	(1,404,000)	-	(1,404,000)
Total comprehensive income	-	1,799,472	51,865	1,851,337
Balance at 31 October 2022	<u>3,100</u>	<u>21,704,392</u>	<u>220,235</u>	<u>21,927,727</u>
Changes in equity				
Dividends	-	(1,789,000)	-	(1,789,000)
Total comprehensive income	-	4,030,845	-	4,030,845
Balance at 31 October 2023	<u>3,100</u>	<u>23,946,237</u>	<u>220,235</u>	<u>24,169,572</u>

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 October 2023

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 November 2021	3,100	22,922,346	168,370	23,093,816
Changes in equity				
Dividends	-	(1,404,000)	-	(1,404,000)
Total comprehensive income	-	546,254	51,865	598,119
Balance at 31 October 2022	<u>3,100</u>	<u>22,064,600</u>	<u>220,235</u>	<u>22,287,935</u>
Changes in equity				
Dividends	-	(1,789,000)	-	(1,789,000)
Total comprehensive income	-	3,553,568	-	3,553,568
Balance at 31 October 2023	<u>3,100</u>	<u>23,829,168</u>	<u>220,235</u>	<u>24,052,503</u>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 October 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	7,704,908	1,712,940
Interest element of hire purchase payments paid		(12,241)	(3,395)
Tax paid		(28,738)	60,771
Net cash from operating activities		<u>7,663,929</u>	<u>1,770,316</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(244,451)	-
Purchase of tangible fixed assets		(328,954)	(99,655)
Purchase of fixed asset investments		(982,410)	-
Sale of tangible fixed assets		7,218	-
Interest received		57,998	4,485
Net cash from investing activities		<u>(1,490,599)</u>	<u>(95,170)</u>
Cash flows from financing activities			
New HP in year		259,475	-
Hire purchase finance		(16,095)	(25,489)
Amount introduced by directors		57,508	56,584
Amount withdrawn by directors		(1,817)	(119,640)
Equity dividends paid		(1,789,000)	(1,404,000)
Net cash from financing activities		<u>(1,489,929)</u>	<u>(1,492,545)</u>
Increase in cash and cash equivalents		<u>4,683,401</u>	<u>182,601</u>
Cash and cash equivalents at beginning of year	2	6,402,725	6,220,124
Cash and cash equivalents at end of year	2	<u>11,086,126</u>	<u>6,402,725</u>

The notes form part of these financial statements

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 October 2023

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2023	2022
	£	£
Profit before taxation	4,879,699	1,793,187
Depreciation charges	174,884	162,399
Gain on revaluation of fixed assets	-	(64,031)
Finance costs	12,241	3,395
Finance income	(57,998)	(4,485)
	<u>5,008,826</u>	<u>1,890,465</u>
Increase in stocks	(2,362,422)	(2,084,255)
Decrease in trade and other debtors	136,869	2,633,717
Increase/(decrease) in trade and other creditors	<u>4,921,635</u>	<u>(726,987)</u>
Cash generated from operations	<u><u>7,704,908</u></u>	<u><u>1,712,940</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2023

	31.10.23	1.11.22
	£	£
Cash and cash equivalents	<u>11,086,126</u>	<u>6,402,725</u>

Year ended 31 October 2022

	31.10.22	1.11.21
	£	£
Cash and cash equivalents	<u>6,402,725</u>	<u>6,220,124</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.11.22	Cash flow	At 31.10.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>6,402,725</u>	<u>4,683,401</u>	<u>11,086,126</u>
	<u>6,402,725</u>	<u>4,683,401</u>	<u>11,086,126</u>
Debt			
Finance leases	<u>(2,905)</u>	<u>(243,380)</u>	<u>(246,285)</u>
	<u>(2,905)</u>	<u>(243,380)</u>	<u>(246,285)</u>
Total	<u>6,399,820</u>	<u>4,440,021</u>	<u>10,839,841</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 October 2023

1. **STATUTORY INFORMATION**

MEL Aviation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 October 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Turnover

Turnover comprises the value of goods and services supplied by the group companies to external customers, exclusive of Value Added Tax and trade discounts. Turnover is recognised on the sale of goods and services at the point of despatch subject to any adjustment for work in progress at the year end.

Purchased goodwill

Purchased goodwill is the excess of the fair value of the purchase consideration over the fair value of the net assets acquired on acquisition of subsidiary undertakings and is capitalised and amortised over its useful economic life, subject to a maximum period of 10 years. Where impairment of an investment occurs, the amount is written off in the year concerned.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Short leasehold	- 10% on cost
Long leasehold	- 10% on cost
Plant and machinery	- 33% on cost and 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Freehold land is not depreciated.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The group assesses at each reporting date whether tangible fixed assets are impaired.

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

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequently investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell (net realisable value). Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of stocks recognised as an expense in the period in which the reversal occurs.

Financial instruments

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research activities and development expenditure is recognised in the profit and loss account as an expense as incurred.

Foreign currencies

The financial statements are presented in sterling, which is also the functional currency of the group. Transactions in currencies other than the functional currency of the group are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to profit and loss. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Hire purchase and leasing commitments

Assets that are held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

2. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits

The group operates a small self administered pension scheme for the directors. No contributions were paid during the year. The group also operates a fully insured defined contribution pension scheme for certain members of staff and the pension charge represents the amounts paid by the group to the fund during the year. These contributions are invested separately from the group's assets.

Fixed asset investments

Fixed asset investments are shown at acquisition cost subject to any provisions for permanent diminution in value.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments 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 items in the financial statements where these judgements and estimates have been made include:

- assessing the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge,
- the provision required for any bad or doubtful debts,
- valuation of investment property and
- any provision for slow moving or obsolete stock.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2023	2022
	£	£
Repairs and overhaul	11,019,421	7,186,672
New build	20,060,821	10,167,945
Helmets and headset supply	1,925,140	907,433
Other sales	907,203	953,383
	<u>33,912,585</u>	<u>19,215,433</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

4. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	30,684,121	15,944,803
Europe and EU	1,564,683	2,414,931
Rest of the world	1,663,781	855,699
	<u>33,912,585</u>	<u>19,215,433</u>

5. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	5,371,685	4,767,388
Social security costs	463,680	447,626
Other pension costs	592,152	463,335
	<u>6,427,517</u>	<u>5,678,349</u>

The average number of employees during the year was as follows:

	2023	2022
Production and distribution	76	79
Administration	58	64
	<u>134</u>	<u>143</u>

6. DIRECTORS' EMOLUMENTS

	2023	2022
	£	£
Directors' remuneration	333,046	328,382
Directors' pension contributions to money purchase schemes	<u>11,709</u>	<u>11,111</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	168,701	164,725
Pension contributions to money purchase schemes	<u>11,709</u>	<u>11,111</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

7. OPERATING PROFIT

	2023	2022
	£	£
Other operating leases	745,645	706,895
Depreciation - owned assets	117,223	104,784
Depreciation - assets on hire purchase contracts	26,793	22,361
Goodwill amortisation	4,074	35,254
Audit Fees - Parent company	32,000	29,000
Audit Fees - Subsidiary companies	32,146	31,573
Non-audit services	10,938	11,530
Foreign exchange differences	<u>111,854</u>	<u>(248,704)</u>

8. EXCEPTIONAL ITEMS

	2023	2022
	£	£
Trade balances written off	<u>-</u>	<u>(500,000)</u>

The exceptional item in the prior year related to trade debtors balances written off for Laurence Walter Ltd, a company under common control.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Bank interest receivable	<u>57,998</u>	<u>4,485</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Hire purchase	<u>12,241</u>	<u>3,395</u>

11. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax	871,927	(65,770)
Deferred tax	<u>(23,073)</u>	<u>7,620</u>
Tax on profit	<u>848,854</u>	<u>(58,150)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

11. **TAXATION - continued**

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Profit before tax	<u>4,879,699</u>	<u>1,793,187</u>
Profit multiplied by the standard rate of corporation tax in the UK of 22.517 % (2022 - 19 %)	1,098,762	340,706
Effects of:		
Income not taxable for tax purposes	(301)	-
Expenses not deductible for tax purposes	886	1,145
Difference in depreciation over capital allowances	(47,170)	13,932
Trade and loans write down	-	95,000
R&D tax credit claims	(191,019)	(356,082)
Losses utilisation	-	(52,583)
Deferred tax adjustment	(23,073)	7,620
Tax refunds from extended carry back of losses to prior years	-	(94,508)
Other	<u>10,769</u>	<u>(13,380)</u>
Total tax charge/(credit)	<u>848,854</u>	<u>(58,150)</u>

Factors that may affect future tax charges

From 1 April 2023, the corporation tax main rate for non-ring fenced profits increased to 25% applying to profits over £250,000. A small profits rate (SPR) was also introduced for companies with profits of £50,000 or less so that they continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

12. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

13. **DIVIDENDS**

	2023	2022
	£	£
Ordinary A shares of £1 each		
Interim	894,500	702,000
Ordinary B shares of £1 each		
Interim	<u>894,500</u>	<u>702,000</u>
	<u>1,789,000</u>	<u>1,404,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

14. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Patents and licences £	Computer software £	Totals £
COST				
At 1 November 2022	1,730,622	-	43,441	1,774,063
Additions	-	244,451	-	244,451
At 31 October 2023	<u>1,730,622</u>	<u>244,451</u>	<u>43,441</u>	<u>2,018,514</u>
AMORTISATION				
At 1 November 2022	1,730,622	-	43,441	1,774,063
Amortisation for year	-	4,074	-	4,074
At 31 October 2023	<u>1,730,622</u>	<u>4,074</u>	<u>43,441</u>	<u>1,778,137</u>
NET BOOK VALUE				
At 31 October 2023	<u>-</u>	<u>240,377</u>	<u>-</u>	<u>240,377</u>
At 31 October 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Company

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 November 2022	839,706	-	839,706
Additions	-	244,451	244,451
At 31 October 2023	<u>839,706</u>	<u>244,451</u>	<u>1,084,157</u>
AMORTISATION			
At 1 November 2022	839,706	-	839,706
Amortisation for year	-	4,074	4,074
At 31 October 2023	<u>839,706</u>	<u>4,074</u>	<u>843,780</u>
NET BOOK VALUE			
At 31 October 2023	<u>-</u>	<u>240,377</u>	<u>240,377</u>
At 31 October 2022	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

15. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Short leasehold £	Long leasehold £	Plant and machinery £
COST				
At 1 November 2022	201,995	313,845	679,830	2,678,957
Additions	-	-	37,379	159,773
Disposals	-	-	-	-
At 31 October 2023	<u>201,995</u>	<u>313,845</u>	<u>717,209</u>	<u>2,838,730</u>
DEPRECIATION				
At 1 November 2022	57,907	229,882	390,706	2,560,272
Charge for year	4,040	17,917	51,667	69,571
Eliminated on disposal	-	-	-	-
At 31 October 2023	<u>61,947</u>	<u>247,799</u>	<u>442,373</u>	<u>2,629,843</u>
NET BOOK VALUE				
At 31 October 2023	<u>140,048</u>	<u>66,046</u>	<u>274,836</u>	<u>208,887</u>
At 31 October 2022	<u>144,088</u>	<u>83,963</u>	<u>289,124</u>	<u>118,685</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 November 2022	659,329	299,460	17,949	4,851,365
Additions	1,162	130,640	-	328,954
Disposals	-	(45,077)	-	(45,077)
At 31 October 2023	<u>660,491</u>	<u>385,023</u>	<u>17,949</u>	<u>5,135,242</u>
DEPRECIATION				
At 1 November 2022	655,484	263,959	17,949	4,176,159
Charge for year	821	26,793	-	170,809
Eliminated on disposal	-	(37,859)	-	(37,859)
At 31 October 2023	<u>656,305</u>	<u>252,893</u>	<u>17,949</u>	<u>4,309,109</u>
NET BOOK VALUE				
At 31 October 2023	<u>4,186</u>	<u>132,130</u>	<u>-</u>	<u>826,133</u>
At 31 October 2022	<u>3,845</u>	<u>35,501</u>	<u>-</u>	<u>675,206</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

15. **TANGIBLE FIXED ASSETS - continued**

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 November 2022	159,862	261,026	420,888
Additions	-	130,640	130,640
Disposals	-	(45,077)	(45,077)
At 31 October 2023	<u>159,862</u>	<u>346,589</u>	<u>506,451</u>
DEPRECIATION			
At 1 November 2022	112,289	231,137	343,426
Charge for year	-	26,793	26,793
Eliminated on disposal	-	(37,859)	(37,859)
At 31 October 2023	<u>112,289</u>	<u>220,071</u>	<u>332,360</u>
NET BOOK VALUE			
At 31 October 2023	<u>47,573</u>	<u>126,518</u>	<u>174,091</u>
At 31 October 2022	<u>47,573</u>	<u>29,889</u>	<u>77,462</u>

Company

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1 November 2022	201,995	679,830	1,085,812
Additions	-	37,379	24,595
Disposals	-	-	-
At 31 October 2023	<u>201,995</u>	<u>717,209</u>	<u>1,110,407</u>
DEPRECIATION			
At 1 November 2022	57,907	390,706	1,029,497
Charge for year	4,040	51,667	19,297
Eliminated on disposal	-	-	-
At 31 October 2023	<u>61,947</u>	<u>442,373</u>	<u>1,048,794</u>
NET BOOK VALUE			
At 31 October 2023	<u>140,048</u>	<u>274,836</u>	<u>61,613</u>
At 31 October 2022	<u>144,088</u>	<u>289,124</u>	<u>56,315</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

15. **TANGIBLE FIXED ASSETS - continued**

Company

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 November 2022	294,726	282,680	2,655	2,547,698
Additions	1,162	130,640	-	193,776
Disposals	-	(45,077)	-	(45,077)
At 31 October 2023	<u>295,888</u>	<u>368,243</u>	<u>2,655</u>	<u>2,696,397</u>
DEPRECIATION				
At 1 November 2022	294,138	247,179	2,655	2,022,082
Charge for year	821	26,793	-	102,618
Eliminated on disposal	-	(37,859)	-	(37,859)
At 31 October 2023	<u>294,959</u>	<u>236,113</u>	<u>2,655</u>	<u>2,086,841</u>
NET BOOK VALUE				
At 31 October 2023	<u>929</u>	<u>132,130</u>	<u>-</u>	<u>609,556</u>
At 31 October 2022	<u>588</u>	<u>35,501</u>	<u>-</u>	<u>525,616</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 November 2022	261,026
Additions	130,640
Disposals	(45,077)
At 31 October 2023	<u>346,589</u>
DEPRECIATION	
At 1 November 2022	231,137
Charge for year	26,793
Eliminated on disposal	(37,859)
At 31 October 2023	<u>220,071</u>
NET BOOK VALUE	
At 31 October 2023	<u>126,518</u>
At 31 October 2022	<u>29,889</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

16. **FIXED ASSET INVESTMENTS**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Shares in group undertakings	-	-	1,440,707	1,440,707
Other investments not loans	982,410	-	982,410	-
	<u>982,410</u>	<u>-</u>	<u>2,423,117</u>	<u>1,440,707</u>

Additional information is as follows:

Group

Investments (neither listed nor unlisted) were as follows:

	2023	2022
	£	£
Other investment	<u>982,410</u>	<u>-</u>
Company		Shares in group undertakings £
COST		
At 1 November 2022 and 31 October 2023		<u>1,440,707</u>
NET BOOK VALUE		
At 31 October 2023		<u>1,440,707</u>
At 31 October 2022		<u>1,440,707</u>

Investments (neither listed nor unlisted) were as follows:

	2023	2022
	£	£
Other investment	<u>982,410</u>	<u>-</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

MEL Aviation GmbH

Registered office: Laurence Walter House, Addison Road, Chilton Industrial Estate, Sudbury, CO10 2YW
 Nature of business: Designers and engineers

	%		
	holding		
Class of shares:			
Ordinary	100.00		
		2023	2022
		£	£
Aggregate capital and reserves		(373,145)	(347,435)
(Loss)/profit for the year		<u>(25,710)</u>	<u>1,006,391</u>

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

16. **FIXED ASSET INVESTMENTS - continued**

Headset Services Ltd

Registered office: Laurence Walter House, Addison Road, Chilton Industrial Estate, Sudbury, CO10 2YW
Nature of business: Designers and engineers

Class of shares:	% holding	2023	2022
Ordinary	100.00	£	£
Aggregate capital and reserves		1,806,736	1,656,149
Profit for the year		<u>150,587</u>	<u>8,532</u>

Arrowsmith Engineering & Consulting Ltd

Registered office: Laurence Walter House, Addison Road, Chilton Industrial Estate, Sudbury, CO10 2YW
Nature of business: Engineering and consulting

Class of shares:	% holding	2023	2022
Ordinary	100.00	£	£
Aggregate capital and reserves		798,417	595,706
Profit for the year		<u>202,611</u>	<u>309,751</u>

SMA Plastics Limited

Registered office: Laurence Walter House, Addison Road, Chilton Industrial Estate, Sudbury, CO10 2YW
Nature of business: Plastic moulding

Class of shares:	% holding	2023	2022
Ordinary	100.00	£	£
Aggregate capital and reserves		(110,975)	(166,771)
Profit/(loss) for the year		<u>55,796</u>	<u>(165,321)</u>

17. **INVESTMENT PROPERTY**

Group

FAIR VALUE

At 1 November 2022
and 31 October 2023

NET BOOK VALUE

At 31 October 2023
At 31 October 2022

Total
£

392,294

392,294

392,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

17. **INVESTMENT PROPERTY - continued**

Group

Fair value at 31 October 2023 is represented by:

	£
Valuation in 2007	155,270
Valuation in 2013	(33,395)
Valuation in 2016	72,509
Valuation in 2022	64,031
Cost	<u>133,879</u>
	<u>392,294</u>

Company

Total
£

FAIR VALUE

At 1 November 2022
and 31 October 2023

392,294

NET BOOK VALUE

At 31 October 2023

392,294

At 31 October 2022

392,294

Investment property is stated at open market value based on the advice from the Portuguese sales department from the Balai Golf Village and which carried out an informal valuation on the property during the year.

If the revalued asset was sold, the potential tax liability on the revalued amount would be £65,219.

Fair value at 31 October 2023 is represented by:

	£
Valuation in 2007	155,270
Valuation in 2013	(33,395)
Valuation in 2016	72,509
Valuation in 2022	64,031
Cost	<u>133,879</u>
	<u>392,294</u>

If the investment property had not been revalued it would have been included at the following historical cost:

	2023	2022
	£	£
Cost	<u>133,879</u>	<u>133,879</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

18. **STOCKS**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Stock of finished goods	7,633,580	5,900,342	6,446,898	5,011,430
Work-in-progress	1,443,620	814,436	333,959	298,242
	<u>9,077,200</u>	<u>6,714,778</u>	<u>6,780,857</u>	<u>5,309,672</u>

19. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	8,838,098	11,927,268	7,706,245	10,969,755
Amounts owed by group undertakings	-	-	1,851,792	1,969,479
Other debtors	9,696,448	6,723,332	9,671,635	6,681,207
Directors' loan accounts	1,817	57,508	1,817	57,508
Tax	-	4,944	-	-
Prepayments	279,991	300,806	200,376	212,056
	<u>18,816,354</u>	<u>19,013,858</u>	<u>19,431,865</u>	<u>19,890,005</u>

20. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Hire purchase contracts (see note 22)	60,760	2,905	38,790	2,905
Trade creditors	7,218,237	4,168,942	6,728,941	3,791,035
Amounts owed to group undertakings	-	-	62,567	56,705
Tax	866,983	28,738	764,823	-
Social security and other taxes	1,619,276	209,093	1,496,170	169,726
Other creditors	5,967,846	6,008,906	5,956,574	5,998,698
Accruals and deferred income	1,280,044	776,827	855,980	646,452
	<u>17,013,146</u>	<u>11,195,411</u>	<u>15,903,845</u>	<u>10,665,521</u>

21. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Hire purchase contracts (see note 22)	<u>185,525</u>	<u>-</u>	<u>103,240</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

22. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2023	2022
	£	£
Gross obligations repayable:		
Within one year	68,082	3,344
Between one and five years	195,998	-
	<u>264,080</u>	<u>3,344</u>
Finance charges repayable:		
Within one year	7,322	439
Between one and five years	10,473	-
	<u>17,795</u>	<u>439</u>
Net obligations repayable:		
Within one year	60,760	2,905
Between one and five years	185,525	-
	<u>246,285</u>	<u>2,905</u>

Company

	Hire purchase contracts	
	2023	2022
	£	£
Gross obligations repayable:		
Within one year	38,790	3,344
Between one and five years	103,240	-
	<u>142,030</u>	<u>3,344</u>
Finance charges repayable:		
Within one year	-	439
Net obligations repayable:		
Within one year	38,790	2,905
Between one and five years	103,240	-
	<u>142,030</u>	<u>2,905</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

22. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	368,550	395,550
Between one and five years	1,274,550	1,609,200
In more than five years	-	168,900
	<u>1,643,100</u>	<u>2,173,650</u>

Company

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	199,650	199,650
Between one and five years	598,950	798,600
	<u>798,600</u>	<u>998,250</u>

23. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Hire purchase contracts	<u>246,285</u>	<u>2,905</u>	<u>142,030</u>	<u>2,905</u>

The parent company had given a cross company guarantee to Clydesdale Bank in support of the revolving credit facilities for HBS Electronics (Holdings) Ltd, a company under common directorship. At the balance sheet date this revolving credit facility amounted to nil (2022: £12,000,000). The facility was repaid on 6th March 2023 and the guarantee ceased effective from this date.

The hire purchase and the finance lease liabilities are secured on the related assets.

24. PROVISIONS FOR LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Deferred tax	<u>52,651</u>	<u>75,723</u>	<u>37,518</u>	<u>60,590</u>

Group

	Deferred tax
	£
Balance at 1 November 2022	75,723
Provision in the year	<u>(23,072)</u>
Balance at 31 October 2023	<u>52,651</u>

MEL AVIATION LIMITED (REGISTERED NUMBER: 00939400)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

24. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 November 2022	60,590
Credit to Income Statement during year	<u>(23,072)</u>
Balance at 31 October 2023	<u>37,518</u>

The group's total deferred tax balance is made up of:

	£
Accumulated provision on revaluation of investment property	51,660
Accumulated provision in respect of accelerated capital allowances	<u>991</u>
	<u>52,561</u>

25. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2023 £	2022 £
1,550	Ordinary A	£1	1,550	1,550
1,550	Ordinary B	£1	<u>1,550</u>	<u>1,550</u>
			<u>3,100</u>	<u>3,100</u>

26. RESERVES

Group

	Retained earnings £	Revaluation reserve £	Totals £
At 1 November 2022	21,704,392	220,235	21,924,627
Profit for the year	4,030,845		4,030,845
Dividends	<u>(1,789,000)</u>		<u>(1,789,000)</u>
At 31 October 2023	<u>23,946,237</u>	<u>220,235</u>	<u>24,166,472</u>

Company

	Retained earnings £	Revaluation reserve £	Totals £
At 1 November 2022	22,064,600	220,235	22,284,835
Profit for the year	3,553,568		3,553,568
Dividends	<u>(1,789,000)</u>		<u>(1,789,000)</u>
At 31 October 2023	<u>23,829,168</u>	<u>220,235</u>	<u>24,049,403</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

27. PENSION COMMITMENTS

The group operates a small self administered pension scheme for two of the directors and no contributions were paid during the year.

The parent company and some of the subsidiaries operate fully insured defined contribution pension schemes for certain members of staff and the pension charge represents the amounts paid by the group to these funds during the year. Payments during the year amounted to £592,151 (2022: £463,335). These contributions are invested separately from the group's assets.

28. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 October 2023 and 31 October 2022:

	2023 £	2022 £
Mr G W Harvey		
Balance outstanding at start of year	57,242	56,584
Amounts advanced	264,739	258,332
Amounts repaid	(321,965)	(257,674)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>16</u>	<u>57,242</u>
Mr N F Smith		
Balance outstanding at start of year	266	(62,132)
Amounts advanced	270,358	262,745
Amounts repaid	(268,823)	(200,347)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,801</u>	<u>266</u>

29. RELATED PARTY DISCLOSURES

The parent company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 October 2023

29. RELATED PARTY DISCLOSURES - continued

During the year the group supplied services to related parties totalling £2,932,743 (2022: £3,435,740). The total balance due at the year end amounted to £4,299,546 (2022: £7,325,317).

During the year the group also received services from its related parties totalling £2,532,029 (2022: £1,207,312). The total balance due at the year end amounted to £1,345,053 (2022: £1,989,507).

At the year end, total loans due to the parent company and its subsidiaries by related parties amounted to £6,260,679 (2022: £7,124,659).

At the year end, total loans due by the parent company and its subsidiaries to related parties amounted to £4,787,028 (2022: £5,594,659).

The parent and one of its subsidiaries occupies premises owned by the directors pension scheme. A commercial rent is paid to the pension scheme in this respect. The rents are set by independent market values in accordance with the leases of the properties and scheme rules. The amount of rent paid to the scheme during the year amounted to £573,520 (2022: £355,510). The amount due to the scheme at the year end in relation to this activity amounted to £228,027 (2022: £225,000).

Total compensation of key management personnel in the year amounted to £386,755 (2022: £382,121).

During the year, dividends of £894,500 (2022: £702,000) each were paid to Mr N S Smith and Mr G W Harvey, both directors of the parent and its subsidiaries.

30. AUDITOR LIABILITY LIMITATION AGREEMENT

The group has entered into a liability limitation agreement with Raffingers, the statutory auditor, in respect of the statutory audit for the year ended 31 October 2023. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the members on 13 November 2023.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.