

Spectrum Aviation Limited  
Directors' report and financial statements  
For the year ended  
31 August 2019

Registered no: 08789188



# Spectrum Aviation Limited

## **Directors' report and financial statements**

<i>Table of contents</i>	<i>Page</i>
Directors and other information	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	6
Independent auditor's report	7
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes forming part of the financial statements	13

# Spectrum Aviation Limited

## Directors and other information

<b>Directors</b>	R C Cloke (resigned 28 <sup>th</sup> March 2019) A Murphy (resigned 30 <sup>th</sup> November 2019) S Gurvis (appointed 28 <sup>th</sup> March 2019) J K Hoopes (appointed 14 <sup>th</sup> February 2020)
<b>Secretary</b>	R S Schofield
<b>Registered office</b>	Weston Centre 10 Grosvenor Street London W1K 4QY
<b>Auditor</b>	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU
<b>Company registration number</b>	08789188

# Spectrum Aviation Limited

## Strategic report

### Business review

The Statement of comprehensive income for the period is set out on page 10. Profit on ordinary activities before taxation amounted to £383,000 (2018: Losses of £376,000). The Company continued to provide independent crop consultancy services to farmers throughout the year.

### Risks and uncertainties

A full description of the principal risks and uncertainties applicable to the Associated British Foods plc group, of which this company is a subsidiary, are disclosed on pages 62 to 66 of the 2019 group Annual Report and were updated in the group's interim results announcement dated 21 April 2020, both of which are available at [www.abf.co.uk](http://www.abf.co.uk)

Credit risk is the risk that a counterparty will default on its contractual financial obligations resulting in a loss to the Company. Credit risk arises from credit exposures to third party customers including outstanding receivables. Credit risk is managed at both a group and company level according to internal guidelines, with businesses responsible for their exposure to customer credit risk.

With regards to Brexit, the business has conducted detailed analysis and continues to actively engage with both the UK Government and our industry bodies to ensure that the full range of opportunities and risks, as they affect us, are recognised. The directors are of the opinion that the business is well placed to mitigate risks, and take any opportunities, that may result when the details of any changes are available.

### Key performance indicators

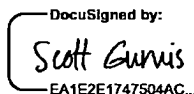
The key performance indicators for Spectrum Aviation Limited are turnover and profit before taxation. Turnover for the period was £67,000 (2018: £104,000) and the profit before taxation was £383,000 encompassing £1,125,000 in exceptional income (2018 Loss before taxation: £376,000).

### Future developments

Due to the ongoing loss-making performance of the company, the directors have decided that the company will be repositioned away from aviation data capture and focus on agricultural services.

### By order of the board

S Gurvis  
Director

DocuSigned by:  
  
EA1E2E1747504AC...

Date: 17-06-2020 | 11:18:38 BST

### Registered Office

Weston Centre  
10 Grosvenor Street  
London  
W1k 4QY

# Spectrum Aviation Limited

## **Directors' report**

The directors present their Directors' report and audited financial statements for the year ended 31 August 2019.

### **Principal activities**

The company was acquired by AB Agri Limited on 14 November 2017. Since then the company has continued to operate as a data collection and agricultural service business. Due to the ongoing loss-making performance of the company, the directors have decided that the company will be repositioned away from aviation data capture and focus on agricultural services.

### **COVID-19 and going concern**

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This has highlighted the importance of the global food supply chain, in which the company as a subsidiary of AB Agri Limited plays an important part.

The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known.

Alongside our customers, suppliers and industry partners, we are constantly monitoring developments regarding the coronavirus/COVID-19 outbreak and continue to follow local government advice relevant to our operations. Safeguarding the health and wellbeing of our people, customers and suppliers, and continuing to supply our services remains our priority.

Following the directors' decision to reposition Spectrum from providing both primary data capture via aviation operation and agricultural image analysis services to focus primarily on image analysis services, and given the current performance of the agricultural industry, it is not anticipated that COVID-19 will have a significant impact on the business performance going forwards.

The Company has received a letter of support from its intermediate parent company, ABF Investments plc, indicating that it will receive the financial and other support necessary for the Company to trade and meet its liabilities as and when they become due for a period of at least twelve months from the date of signing of these financial statements.

# Spectrum Aviation Limited

## **Directors' report** *(continued)*

After making due enquiries and considering the impact of COVID-19 and the support available from the intermediate parent company described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on the wider ABF group, the ABF group's directors' assessment of going concern as set out in its interim results announcement dated 21 April 2020 and available at [www.abf.co.uk](http://www.abf.co.uk) and an assessment of any developments since that date that would adversely affect that conclusion. Accordingly, the financial statements have been prepared on the going concern basis.

### **Dividend**

The directors do not recommend the payment of a dividend *(2018: nil)*.

### **Political and charitable donations**

The company made no political contributions or charitable donations during the current or preceding financial periods.

### **Directors and directors' interests**

The directors who held office during the period and at the date of this report were as follows:

R C Cloke (resigned 28<sup>th</sup> March 2019)  
A Murphy (resigned 30<sup>th</sup> November 2019)  
S Gurvis (appointed 28<sup>th</sup> March 2019)  
J K Hoopes (appointed 14<sup>th</sup> February 2020)

No director had at any time during the period any material interest in a contract with the company, other than service contracts.

Certain directors benefited from qualifying third-party indemnity provisions in place during the financial period and at the date of this report.

# Spectrum Aviation Limited

## Directors' report *(continued)*

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditors

Pursuant to Section 487 of the Companies' Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

DocuSigned by:  
*Scott Gurvis*  
EA1E2E1747504AC...

**S Gurvis**  
Director

Date 17-06-2020 | 11:18:38 BST

**Registered Office**  
Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

## Spectrum Aviation Limited

### **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Spectrum Aviation Limited**

### **Opinion**

We have audited the financial statements of Spectrum Aviation Limited for the year ended 31 August 2019 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 14, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

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

### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – disclosure of effects of COVID-19**

We draw attention to notes 2 and 13 of the financial, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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

## **Independent auditor's report to the members of Spectrum Aviation Limited**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

## **Independent auditor's report to the members of Spectrum Aviation Limited**

### **Responsibilities of directors**

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

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

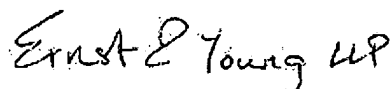
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Anup Sodhi (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

17 June 2020

# Spectrum Aviation Limited

## Statement of comprehensive income for the year ended 31 August 2019

	Note	Year to 31 August 2019 £'000	74 weeks to 31 August 2018 £'000
Turnover		67	104
Cost of sales		(10)	(24)
<b>Gross profit</b>		<b>57</b>	<b>80</b>
Administrative expenses		(799)	(456)
<b>Operating loss</b>	3	<b>(742)</b>	<b>(376)</b>
Exceptional – other income		1,125	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>383</b>	<b>(376)</b>
Tax credit on ordinary activities	5	80	59
<b>Profit / (loss) for the financial period</b>		<b>463</b>	<b>(317)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>463</b>	<b>(317)</b>

The exceptional income relates to the relief of a payable balance due to AB Agri Limited as the view was taken that this balance would not be settled given the ongoing loss-making performance of Spectrum. The same has been reflected in the AB Agri Limited financial statements. Other than this there are no recognised gains or losses for the period, other than the profit or loss for the period.

The notes on pages 13 to 24 form part of these financial statements.

# Spectrum Aviation Limited

## Balance sheet At 31 August 2019

	Note	31 August 2019		31 August 2018	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	6		<b>68</b>		256
Intangible assets	7		<b>9</b>		14
			<hr/>		<hr/>
			<b>77</b>		<b>270</b>
<b>Current assets</b>					
Inventory			1		-
Debtors	8		<b>154</b>		87
Cash at bank and in hand			<b>41</b>		32
			<hr/>		<hr/>
			<b>196</b>		<b>119</b>
<b>Creditors:</b> Amounts falling due within one year	9		<b>(29)</b>		(60)
			<hr/>		<hr/>
<b>Net current assets</b>			<b>167</b>		<b>59</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>244</b>		<b>329</b>
Creditors: Amounts falling due after more than one year	10		<b>(108)</b>		(656)
			<hr/>		<hr/>
<b>Net assets/(liabilities)</b>			<b>136</b>		<b>(327)</b>
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Retained earnings			<b>135</b>		(328)
			<hr/>		<hr/>
<b>Shareholders' funds</b>			<b>136</b>		<b>(327)</b>
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 17 June 2020 and were signed on its behalf by:

**S Gurvis**  
Director

DocuSigned by:  
*Scott Gurvis*  
EA1E2E1747504AC...

# Spectrum Aviation Limited

## Statement of changes in equity for the year ended 31 August 2019

	Share capital £000	Retained earnings £000	Total £000
At 1 April 2017	1	(11)	(10)
Loss for the period	-	(317)	(317)
At 31 August 2018	1	(328)	(327)
Profit for the period and total comprehensive income	-	463	463
<b>Balance at 31 August 2019</b>	<b>1</b>	<b>135</b>	<b>136</b>

# Spectrum Aviation Limited

## Notes

### 1 Authorisation of financial statements

The financial statements of Spectrum Aviation Limited ("the Company") for the period ended 31 August 2019 were authorised for issue by the board of directors on 17<sup>th</sup> June 2020 and the balance sheet was signed on the board's behalf by S Gurvis. Spectrum Aviation Limited is incorporated and domiciled in England and Wales.

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company is exempt from the requirement of IAS 7 to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published financial statements.

As the Company is a wholly owned subsidiary of Associated British Foods plc, the Company has taken advantage of the exemption from IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Associated British Foods plc, within which this company is included, can be obtained from the address given in note 14.

#### COVID-19 and going concern

As set out in note 14, the smallest group in which the results of the company are consolidated is that headed by Associated British Foods plc, which confirmed in its interim results announcement dated 21 April 2020 that its directors have a reasonable expectation that the Associated British Foods plc group has adequate resources to continue in operational existence for the foreseeable future.

Further details of the impact of COVID-19 on the Company and on the directors' assessment of going concern are included in the "COVID-19 and going concern" section of the Directors' report and in the post-balance sheet events note.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

# Spectrum Aviation Limited

## **Notes** (continued)

### **2 Accounting policies** (continued)

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Tangible Assets**

Depreciation is provided on the original cost of assets and is calculated on a straight-line basis at rates sufficient to reduce them to their estimated residual value. The anticipated useful life of other assets is generally deemed to be not longer than:

Computers	2 - 5 years
Plant, machinery, fixtures and fittings	5 - 20 years

#### **Intangible Assets**

The intangible assets balance relates to computer software purchase with a finite useful life of 3 years. The amortisation value is calculated on a straight-line basis over this period and is charged to Administrative expenses in the Statement of comprehensive income.

#### **Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

#### **Trade and other receivables**

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost. This generally results in their recognition at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts was recognised under an "incurred loss" model until 15<sup>th</sup> September 2018 and therefore it was dependent upon the existence of an impairment event. From 16<sup>th</sup> September, the allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an "expected credit loss" model).



# Spectrum Aviation Limited

## **Notes** (continued)

### **2 Accounting policies** (continued)

#### **Trade Payables**

Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

#### **New accounting policies**

The following new accounting standards and amendments were adopted during the year and had no significant impact to the current or prior years:

- IFRS 9 *Financial Instruments: Classification and Measurement*
- IFRS 15 *Revenue from Contracts with Customers*
- Clarifications to IFRS 15 *Revenue from Contracts with Customers*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRIC 23 *Uncertainty over Income Tax Treatments* effective 2020 financial year
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Annual improvements to IFRS Standards 2014-2016

The two most significant of these standards are IFRS 9 and IFRS 15, further details of which are set out below.

#### **IFRS 9 Financial Instruments**

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The standard introduces changes to three key areas:

- new requirements for the classification and measurement of financial instruments;
- a new impairment model based on expected credit losses for recognising provisions (compared to IAS 39, which used an incurred loss model); and
- simplified hedge accounting through closer alignment with an entity's risk management methodology.

An impact assessment has been carried out at the level of both this and the ultimate parent company. The conclusion of these impact assessments was that the adoption of IFRS 9 will not have a significant impact on the Company's results or financial position. The standard has been adopted without restating comparative information.

# Spectrum Aviation Limited

## Notes (continued)

### 2 Accounting policies (continued)

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a principles-based approach to recognising revenue only when performance obligations are satisfied and control of the related goods or services is transferred. It addresses items such as the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces *IAS 18 and other related requirements*.

IFRS 15 applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers except those in the scope of other standards. The five-steps are summarised as follows, identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; recognise revenue when (or as) the entity satisfies a performance obligation.

The company's revenue recognition processes are generally straightforward, with recognition of revenue at the point of sale, with little significant judgement required in determining the timing of transfer of control.

An impact assessment has been carried out at the level of both this and the parent company. The conclusion of these impact assessments was that the adoption of IFRS 15 will not have a significant impact on the company's results or financial position. The standard has been adopted without restating comparative information and no cumulative adjustment to recognise the impact of applying IFRS 15 as at 31 August 2019 was required.

The Company is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU, the adoption date is less certain:

- IFRS 16 *Leases* Effective 2020 Financial year
- IFRIC 23 *Uncertainty over Income Tax Treatments* effective 2020 financial year
- Amendments to IFRS 3 *Definition of a Business* effective 2021 financial year (not yet endorsed by the EU)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* effective 2020 financial year
- Amendments to IAS 1 *Presentation of Financial Statements* effective 2021 financial year (not yet endorsed by the EU)
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* effective 2021 financial year (not yet endorsed by the EU)
- Amendments to *References to the Conceptual Framework in IFRS Standards* effective 2021 financial year (not yet endorsed by the EU)
- *Annual improvements to IFRS Standards 2015-2017* effective 2020 financial year

# Spectrum Aviation Limited

## Notes (continued)

### 2 Accounting policies (continued)

The new standard with the most significant effect on the companies financial statements is IFRS 16, further details of which are set out below. The impact of the other standards effective in 2020 and beyond have not yet been fully assessed.

#### IFRS 16 Leases

IFRS 16 introduces a new model for the identification of leases and accounting for lessors and lessees. It replaces IAS 17 Leases and will be adopted on 1<sup>st</sup> September 2019 and applied for the first time in the 2020 financial year.

IFRS 16 distinguishes leases from service contracts on the basis of control of an identified asset. For lessees it removes the previous accounting distinction between (off-balance sheet) operating leases and (on-balance sheet) finance leases and introduces a single model recognising a lease liability and corresponding right-of-use asset for all leases except for short-term leases and leases of low-value assets.

The modified retrospective approach, where the cumulative effect of initial application is recognised at the date of initial application without restating prior periods, will be adopted by the company in the 2020 financial year.

The impact of the other standards is currently under review, but is expected to be much less significant.

### 3 Operating loss

Operating loss is stated after charging:

	Year to 31 August 2019 £'000	74 week period to 31 August 2018 £'000
Depreciation of tangible fixed assets	50	38
Auditor's remuneration (see below)	-	-
Asset Impairment	252	-
	<u>          </u>	<u>          </u>

The remuneration of the auditors for the period was borne by another group company and was not split out due to the immaterial nature of the fee relating to this company (2018: £nil).

# Spectrum Aviation Limited

## Notes (continued)

### 4 Directors and employees

The average monthly number of employees, excluding directors, of the Company during the period was three (2018: three). The aggregate payroll costs of these persons were as follows:

	Year ended 31 August 2019 £000	74 week period ended 31 August 2018 £000
Wages and salaries	287	279
Social security costs	36	26
Pension costs	26	19
	<u>349</u>	<u>324</u>

The directors of the company are remunerated through other group companies. The directors consider that, based on an apportionment of their time incurred in respect of the company, the total directors' emoluments relating to Spectrum Aviation Limited is £nil (2018: £nil).

### 5 Tax credit

	Year to 31 August 2019 £'000	74 weeks to 31 August 2018 £'000
Current tax on income for the period	(92)	(70)
Adjustments in respect of prior periods	32	-
	<u>(60)</u>	<u>(70)</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	(27)	(1)
Prior year adjustment	2	12
Effect of change in tax rate	5	-
<b>Tax credit on profit/(loss) on ordinary activities</b>	<u><b>(80)</b></u>	<u><b>(59)</b></u>

# Spectrum Aviation Limited

## Notes (continued)

### 5 Tax credit (continued)

The tax credit for the period is less than (2018: less than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

	Year to 31 August 2019	74 weeks to 31 August 2018
	£'000	£'000
Profit / (loss) on ordinary activities before tax	383	(376)
Current tax credit at 19.00% (2018: 19.00%)	73	(71)
<b>Effects of:</b>		
Adjustment to tax charge in respect of previous years	34	12
Income not taxable	(214)	-
Effect of rate change	5	-
Deferred tax not recognised	22	-
Total tax credit	<b>(80)</b>	<b>(59)</b>

### Factors affecting future tax charges

The UK corporation tax rate was due to be reduced to 17%, effective from 1 April 2020. The legislation to effect this rate change had been enacted before the balance sheet date and as such, deferred tax has been measured at 17%.

### Post balance sheet event

In March 2020 the UK government substantively enacted legislation to maintain the corporation tax at 19%, the reduction to 17% will no longer apply. We do not expect there to be a material impact of this legislative change.

# Spectrum Aviation Limited

## Notes (continued)

### 6 Tangible assets

	Computer equipment £000	Plant and machinery £000	Total £000
<i>Cost</i>			
At beginning of period	45	276	321
Additions	8	106	114
	<hr/>	<hr/>	<hr/>
At end of period	53	382	435
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of period	12	53	65
Charge for the period	6	44	50
Impairment charge	11	241	252
	<hr/>	<hr/>	<hr/>
At end of period	29	338	367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
<b>At 31 August 2019</b>	<b>24</b>	<b>44</b>	<b>68</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2018	33	223	256
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As detailed in the Directors Report there has been a fundamental change in the operational nature of Spectrum with the company repositioning away from aviation data capture and focusing instead on agricultural services. Therefore, a number of tangible assets are prospectively surplus to operational requirements, as such an impairment assessment was performed to determine the correct value of these assets. This resulted in the above impairment expense to reduce the value of these assets.

## Spectrum Aviation Limited

**Notes** (continued)**7 Intangible assets**

	<b>Computer software £000</b>	<b>Total £000</b>
<i>Cost</i>		
At beginning of period	17	17
	<hr/>	<hr/>
At end of period	17	17
	<hr/>	<hr/>
<i>Amortisation</i>		
At beginning of period	3	3
Charge for the period	5	5
	<hr/>	<hr/>
At end of period	8	8
	<hr/>	<hr/>
<i>Net book value</i>		
<b>At 31 August 2019</b>	<b>9</b>	<b>9</b>
	<hr/>	<hr/>
At 31 August 2018	14	14
	<hr/>	<hr/>

## Spectrum Aviation Limited

## Notes (continued)

**8 Debtors: amounts falling due within one year**

	<b>31 August 2019 £'000</b>	31 August 2018 £'000
Trade debtors	18	3
Prepayments and other debtors	6	14
Group relief receivable	130	70
	<hr/>	<hr/>
	<b>154</b>	<b>87</b>
	<hr/> <hr/>	<hr/> <hr/>

**9 Creditors: amounts falling due within one year**

	<b>31 August 2019 £'000</b>	31 August 2018 £'000
Trade creditors	1	13
Accruals and other creditors	28	47
	<hr/>	<hr/>
	<b>29</b>	<b>60</b>
	<hr/> <hr/>	<hr/> <hr/>

**10 Creditors: amounts falling due after more than one year**

	<b>31 August 2019 £'000</b>	31 August 2018 £'000
Amounts due to group undertakings	108	636
Deferred tax liability	-	20
	<hr/>	<hr/>
	<b>108</b>	<b>656</b>
	<hr/> <hr/>	<hr/> <hr/>



# Spectrum Aviation Limited

## Notes (continued)

### 11 Called up share capital

	<b>31 August 2019 £'000</b>	31 August 2018 £'000
<b>Allotted, called up and fully paid:</b>		
1,000 (2018: 1,000) ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>

### 12 Capital commitments

The company had £nil (2018: £nil) contracted commitments at the period end.

### 13 Post-balance sheet events

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19 will be reported in the 2020 financial statements.

This has highlighted the importance of the UK food supply chain, in which the Company plays an important part.

The COVID-19 pandemic has, at the time of approving these financial statements, had no adverse impact on the Company.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known.

Following the directors' decision to reposition Spectrum from providing both primary data capture via aviation operation and agricultural image analysis services to focus primarily on image analysis services, and given the current performance of the agricultural industry, it is not anticipated that COVID-19 will have a significant impact on the business performance going forwards.

It is impossible to predict the full financial impact of the COVID-19 situation on the Company. Any impact on the future performance and position of the Company, including any considerations of impairment or recoverability of receivables will be included in the 2020/21 results.

# Spectrum Aviation Limited

## **Notes** *(continued)*

### **14 Ultimate parent company**

The immediate holding company is AB Agri Limited, a company registered in England and Wales. The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at [www.abf.co.uk](http://www.abf.co.uk)