AIR CHARTER SERVICE

# AIR CHARTER SERVICE GROUP LTD

## ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31 JANUARY 2020

Company registered number: 04028491

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CONTENTS


| | |
|---|---|
| Officers and advisers | 04 |
| Chairman's statement | 06 |
| Overview | 08 |
| Strategic report | 10 |
| Directors' report | 12 |
| Statement of Directors' responsibilities in respect of the Annual Report, the Strategic Report, the Directors' Report and the Financial Statements | 14 |
| Independent auditor's report to the members of Air Charter Service Group Limited | 16 |
| Consolidated statement of profit and loss and comprehensive income | 20 |
| Consolidated statement of financial position | 21 |
| Company statement of financial position | 22 |
| Consolidated statement of changes in equity | 24 |
| Company statement of changes in equity | 25 |
| Consolidated statement of cash flows | 26 |
| Company statement of cash flows | 27 |
| Notes to the financial statements | 30 |


## THE BOARD OF DIRECTORS

CHRISTOPHER LEACH
Chairman

JUSTIN BOWMAN
Chief Executive Officer

RUAN COURTNEY
Chief Operating Officer

STEWART PITT
Group Finance Director

JUSTIN LANCASTER
Group Commercial Director

WILLIAM CHRISTIE
Group Executive Jets Director

OMAR SAEED
Group Legal Director and
Group Company Secretary

**REGISTERED OFFICE**

Millbank House
171-185 Ewell Road
Surbiton
Surrey
KT6 6AP

**REGISTERED NUMBER**

04028491

**AUDITOR**

KPMG LLP
15 Canada Square
London
E14 5GL

**BANKERS**

HSBC Bank PLC
Level 6
71 Queen Victoria Street
London
EC4V 4AY

**COMPANY SECRETARY**

Omar Saeed


## CHAIRMAN’S STATEMENT

This was a challenging year for our industry as the delays around Brexit and the US / China trade negotiations both led to delayed consumer spending and ultimately fewer charter flights. These issues affected our Cargo division where gross transaction value fell by 26%.

We are however a well-diversified business and I am pleased to report on continued growth in passenger charters where gross transaction value increased by 10%.

Overall our gross transaction value fell by 6% to £477m which led to a reduced Adjusted EBITDA of £7.2m, down from £13.4m last year. These figures reflect the lack of major charter projects in the year, combined with the macroeconomic issues highlighted above. The group continued to invest in the training and development of staff, marketing and new technology, all in the pursuit of its overall goal to become the leading air charter company in the world.

The group retains a strong balance sheet - our cash position at the year-end increased to £20m, including £5m from our Jetcard products which we hold in separate bank accounts on behalf of our clients.

The year-end was of course followed by outbreak of the Covid-19 pandemic which obviously had a major impact on our operations. Our immediate focus was the safety of our staff and the board managed successful implementation of actions which enabled staff to work from home and the business to continue operating effectively. We also experienced a sharp increase in demand for passenger repatriations and transport

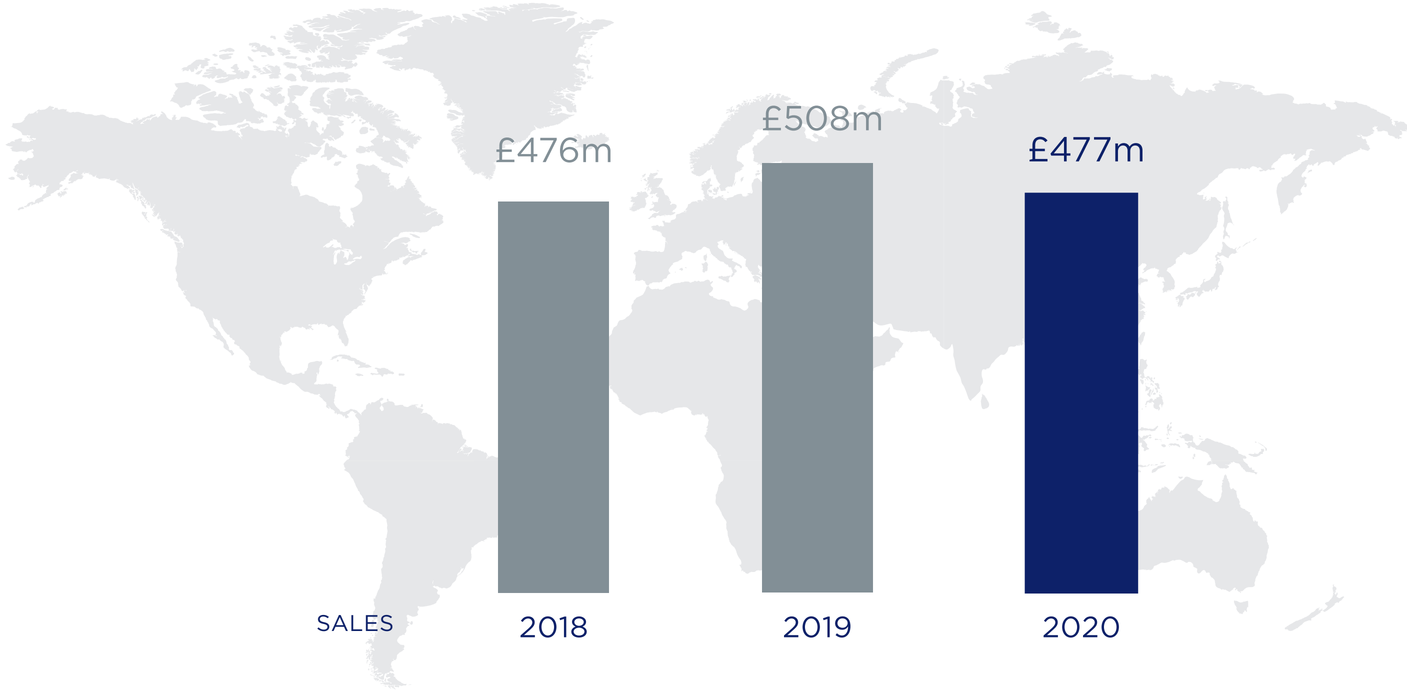
Visibility beyond the summer is limited and the board continues to develop contingency plans to deal with different outcomes which may flow from the economic effects of Covid-19. However, following a period of strong trading post year end, combined with work carried out to reduce costs in a considered manner and preserve cash, we feel well positioned to face the inevitable challenges that lie ahead.

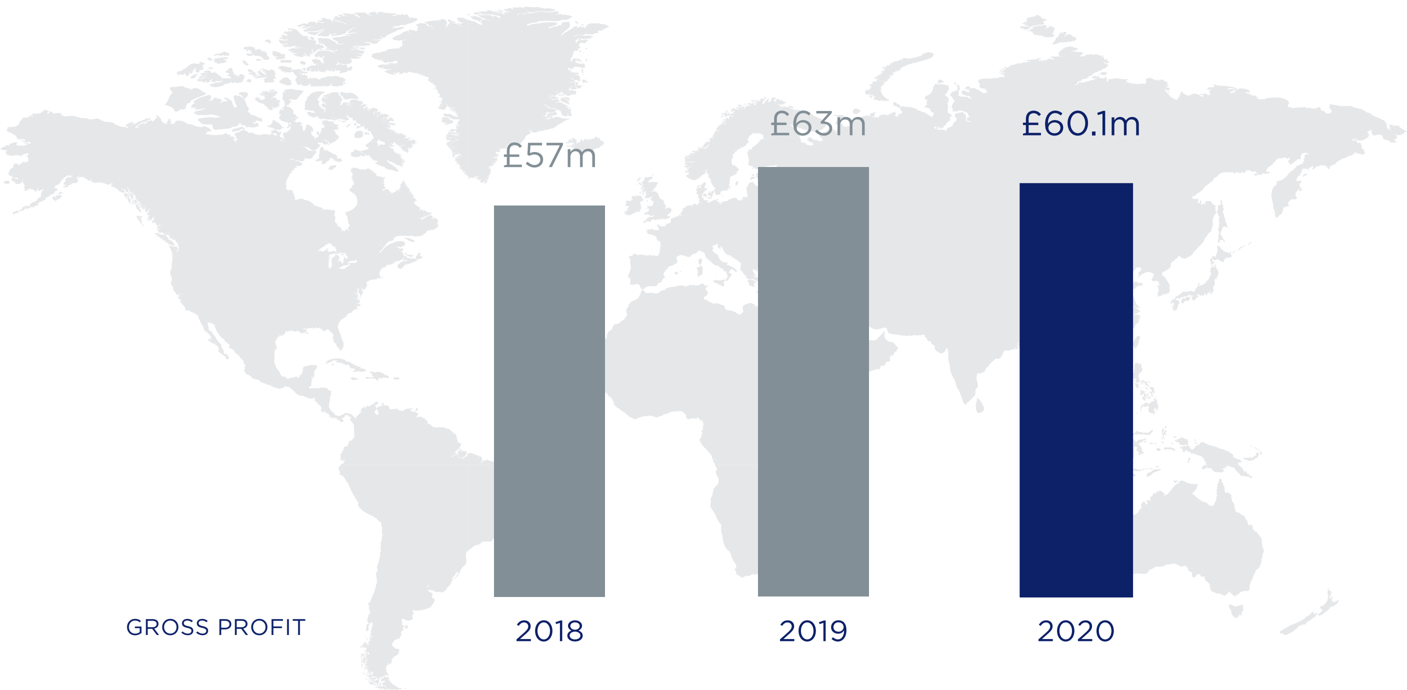
Chris Leach.

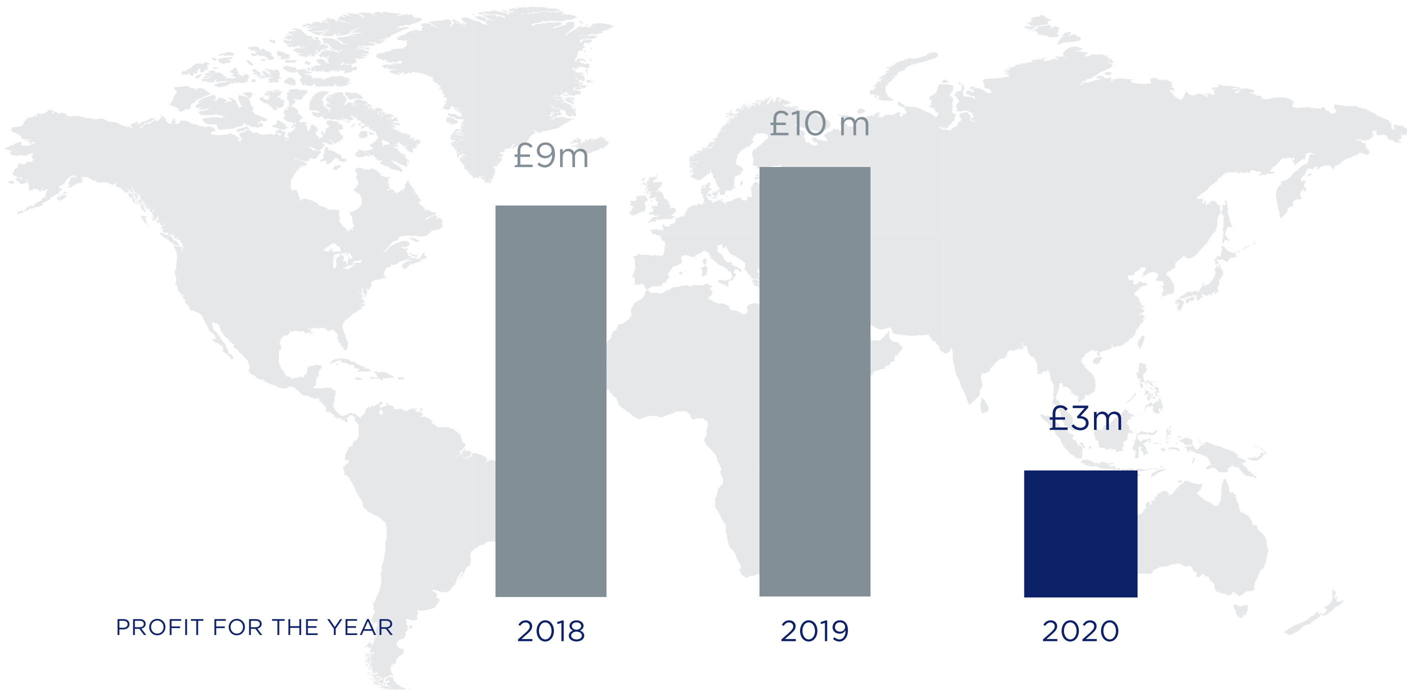
Christopher Leach
Chairman

29th July 2020.

## HIGHLIGHTS FOR THE YEAR ENDED 31 JANUARY 2020

# STRATEGIC REPORT

## BUSINESS REVIEW

The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker and will continue to be so for the foreseeable future.

The results for the year are set out in the consolidated income statement on page 20 of these financial statements and a review can be found in the Chairman's statement.

Earnings before interest, taxes, depreciation of property, plant and equipment & amortisation (EBITDA) adjusted to exclude foreign exchange (Adjusted EBITDA) is a KPI used to measure profitability of business units and the group as a whole, rather than operating profit, as management consider this to be a controllable measure of performance more closely aligned to ongoing cash generation.

## GROUP FINANCIALS AND NON-FINANCIAL KPI'S

| | 2020 | 2019 |
|---|---|---|
| Gross profit | £60.1m | £63.1m |
| Adjusted EBITDA | £7.2m | £13.4m |
| Charter flights | 12,484 | 13,010 |

## RECONCILIATION TO OPERATING PROFIT

| | 2020 £'m | 2019 £'m |
|---|---|---|
| Operating profit | 5.1 | 11.7 |
| Depreciation of property, plant and equipment & amortisation* | 2.0 | 1.4 |
| Foreign exchange | 0.1 | 0.1 |
| Adjusted EBITDA | 7.2 | 13.4 |

* Only depreciation of owned assets (not right of use assets is excluded from Adjusted EBITDA.

## RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of group policies and procedures which are subject to board approval and ongoing review by management. Risks are *monitored* and mitigated through regular review of financial performance at Board level and the use of professional advisors where appropriate. Further details of the Group's financial risk management objectives and policies are included in note 16 to the accounts.

Given the ad-hoc nature of the air charter market, forward visibility is limited as our clients book charter flights on relatively short notice. Working capital requirements can fluctuate significantly due to variations in client and supplier payment terms from one period to the next.

The Covid-19 pandemic has increased the level of uncertainty around the future trading environment. Immediately following the outbreak, the board implemented regular meetings of senior directors to undertake close monitoring of trading levels, perform scenario planning and develop action plans to deal with different future trading scenarios. The group has experienced a period of strong trading since the balance sheet date and continues to monitor this situation and the effect on the business.

Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

## SECTION 172 STATEMENT

The directors have regard to their duty to promote the success of the company for the benefit of shareholders and to matters affecting the group's employees and other stakeholder relationships, Key relationships which drive the long term success of the business are those with employees, customers and charter airlines.

The directors engage with employees through a process of regular communication including global video conferencing, monthly business reviews across the group at various levels, staff events and a well-resourced intranet.

Client and airline relationships are maintained in a structured manner using a balance of personal contact and digital channels and the development of technology as a means to engage with stakeholders is given relevant focus at board level. Departmental reports from the areas of Sales, Marketing, Human Resources, Finance and Information Technology are prepared ahead of all board meetings to help inform decisions and develop strategies regarding the needs of different stakeholders.

Approved by the Board of Directors on 29th July 2020.

Stewart Pitt

Stewart Pitt
Director


# DIRECTORS' REPORT

The directors present their report and the financial statements of the Group for the year ended 31 January 2020.

## RESULTS AND DIVIDENDS

Profit after taxation for the period was £3.0 million (2019: £10.2 million) and dividends paid during the year were £3.6 million (2019: £10.5 million).

There were no political donations during the current or prior period.

## DIRECTORS

The directors who served the company during the year were as follows:

Christopher Leach
Justin Bowman
Ruan Courtney
Stewart Pitt
Justin Lancaster
William Christie
Omar Saeed (appointed 23rd September 2019)

## STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 to set out within the group's strategic report that information required by Schedule 7 of the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

## GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so 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 the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

## DISABLED EMPLOYEES

The group gives full and fair consideration to applications for employment made by disabled persons and recruitment decisions are based on the skills required of a specific role.

Enquiries are made regarding medical conditions during on boarding and employees are encouraged to advise the company if they become disabled during the course of their duties, so that reasonable adjustments can be put in place and to ensure they are not placed at a disadvantage from a training, career development or promotion perspective.

## OTHER INFORMATION

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 6. A statement regarding engagement with employees, shareholders and other stakeholders is also included in the Strategic Report on page 6.

## AUDITOR

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

Approved by the Board of Directors on 29th July 2020.

Stewart Pitt

Stewart Pitt
Director

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Annual Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

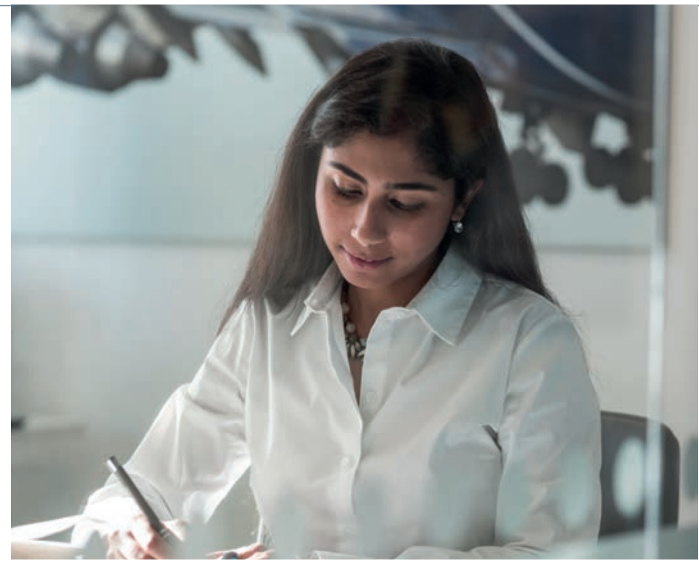
Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

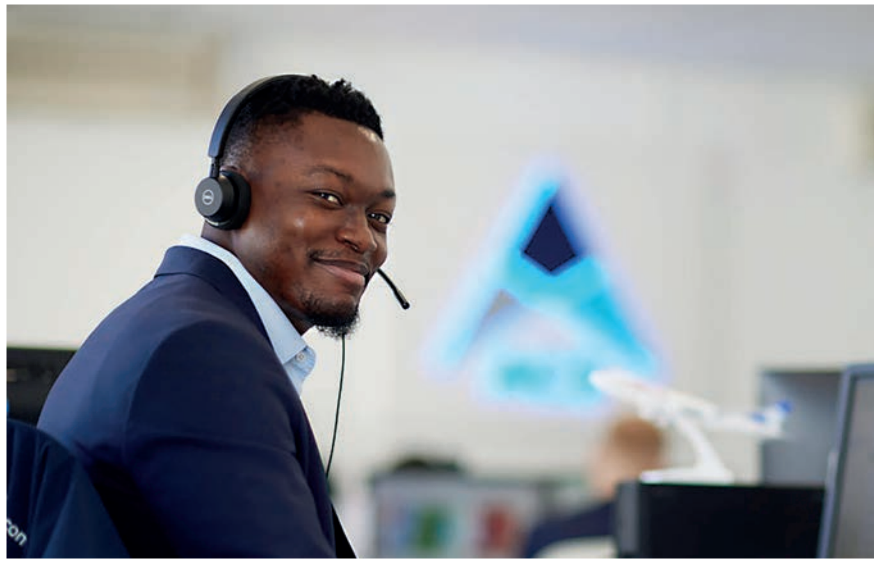
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.




From having just 15 people in 2001, we now employ more than 450 worldwide who all receive our award-winning training at the UK head office.



## OPINION

We have audited the financial statements of Air Charter Service Group Limited ("the company") for the year ended 31 January 2020 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cashflows, Company Statement of Cashflows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

## STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

## DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

David Benson (Senior Statutory Auditor)

For and on behalf of

KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

31 July 2020

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

| GROUP | Note | 2020 £'000 | 2019 £'000 |
|---|---|---|---|
| GROSS TRANSACION VALUE | | 476,741 | 507,717 |
| REVENUE | 2 | 64,341 | 68,636 |
| Cost of sales | | (4,258) | (5,497) |
| GROSS PROFIT | | 60,083 | 63,139 |
| Administrative expenses | | (54,990) | (51,423) |
| OPERATING PROFIT | 3 | 5,093 | 11,716 |
| Finance income | | 15 | 39 |
| Finance costs | | (666) | (91) |
| PROFIT BEFORE TAX | | 4,442 | 11,664 |
| Tax | 6 | (1,476) | (1,468) |
| PROFIT FOR THE YEAR | | 2,966 | 10,196 |
| OTHER COMPREHENSIVE INCOME | | | |
| Exchange differences on translating foreign operations | | (71) | (57) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 2,895 | 10,139 |
| Profit for the year attributable to: | | | |
| Equity holders of the parent | | 3,046 | 10,093 |
| Non-Controlling Interests | | (80) | 103 |
| | | 2,966 | 10,196 |
| Total comprehensive income for the year attributable to: | | | |
| Equity holders of the parent | | 2,964 | 10,055 |
| Non-Controlling Interests | | (69) | 84 |
| | | 2,895 | 10,139 |

The results for the current and prior year are derived from continuing operations.

The accompanying notes on pages 31 to 52 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| GROUP | | Note | 2020 £'000 | 2019 £'000 |
|---|---|---|---|---|
| ASSETS | Non-current assets | | | |
| | Property, plant and equipment | 10 | 3,284 | 2,192 |
| | Right of use assets | 19 | 13,364 | - |
| | Intangible assets and goodwill | 11 | 2,380 | 1,960 |
| | Deferred tax asset | 7 | 525 | 430 |
| | Total non-current assets | | **19,553** | **4,582** |
| | Current assets | | | |
| | Trade and other receivables | 13 | 25,745 | 24,638 |
| | Current tax asset | | 850 | 736 |
| | Cash and cash equivalents | 8 | 19,948 | 17,420 |
| | Total current assets | | **46,543** | **42,794** |
| | Total assets | | 66,096 | 47,376 |
| LIABILITIES | Non-current liabilities | | | |
| | Deferred tax liability | 7 | (330) | (157) |
| | Provisions | 15 | (268) | (199) |
| | Lease liabilities | 19 | (10,592) | - |
| | Total non current liabilities | | **(11,190)** | **(356)** |
| | Current liabilities | | | |
| | Trade and other payables | 14 | (40,010) | (34,714) |
| | Current tax liabilities | | (587) | (551) |
| | Provisions | 19 | (3,245) | - |
| | Total current liabilities | | **(43,842)** | **(35,265)** |
| | TOTAL LIABILITIES | | (55,032) | (35,621) |
| | NET ASSETS | | 11,064 | 11,755 |
| EQUITY | Called up share capital | 18 | 236 | 236 |
| | Share premium account | | 290 | 290 |
| | Translation reserve | | (347) | (265) |
| | Retained earnings | | 10,756 | 11,296 |
| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | 10,935 | 11,557 |
| | Non-Controlling Interest | | 129 | 198 |
| | TOTAL EQUITY | | 11,064 | 11,755 |

The accompanying notes on pages 30 to 49 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 29th July 2020.

Signed on behalf of the Board by:

Stewart Pitt

Company registration number: 04028491

| COMPANY | Note | 2020 £'000 | 2019 £'000 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Investments in subsidiaries | 12 | 3,541 | 3,190 |
| | | | |
| CURRENT ASSETS | | | |
| Trade and other receivables | 13 | 1,172 | 273 |
| Cash and cash equivalents | | 2,791 | 4 |
| Total current asset | | 3,963 | 277 |
| TOTAL ASSETS | | 7,504 | 3,467 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | (6,732) | (2,507) |
| Total liabilities | | (6,732) | (2,507) |
| NET ASSETS | | 772 | 960 |
| EQUITY | | | |
| Called up share capital | 18 | 236 | 236 |
| Share premium account | | 290 | 290 |
| Own shares | 21 | (48) | (48) |
| Retained earnings | | 294 | 482 |
| TOTAL EQUITY | | 772 | 960 |

The accompanying notes on pages 30 to 49 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 29th July 2020.
Signed on behalf of the Board by:

Stewart Pitt

Company registration number: 04028491

Stewart Pitt

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| GROUP | Called up Share Capital £'000 | Share Premium Account £'000 | Translation Reserve £'000 | Retained Earnings £'000 | Total £'000 | Non-Controlling Interest £0,000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| CURRENT YEAR | | | | | | | |
| AT 1 FEBRUARY 2019 | 236 | 290 | (265) | 11,296 | 11,557 | 198 | 11,755 |
| Total comprehensive income: | | | | | | | |
| Profit for the year | - | - | - | 3,046 | 3,046 | (80) | 2,966 |
| Other comprehensive income | - | - | (82) | - | (82) | 11 | (71) |
| Total comprehensive income | - | - | (82) | 3,046 | 2,964 | (69) | 2,895 |
| Transactions with owners: | | | | | | | |
| Dividends paid | - | - | - | (3,586) | (3,586) | - | (3,586) |
| Total transactions with owners: | - | - | - | (3,586) | (3,586) | - | (3,586) |
| AT 31 JANUARY 2020 | 236 | 290 | (347) | 10,756 | 11,935 | 129 | 11,064 |
| PRIOR YEAR | | | | | | | |
| At 1 February 2018 | 236 | 290 | (277) | 11,683 | 11,982 | 114 | 12,096 |
| Total comprehensive income: | | | | | | | |
| Profit for the year | - | - | - | 10,093 | 10,093 | 103 | 10,196 |
| Other comprehensive income | - | - | (38) | - | (38) | (19) | (57) |
| Total comprehensive income | - | - | (38) | 10,093 | 10,055 | 84 | 10,139 |
| Transactions with owners: | | | | | | | |
| Dividends paid | - | - | - | (10,480) | (10,480) | - | (10,480) |
| Total transactions with owners | - | - | - | (10,480) | (10,480) | - | (10,480) |
| AT 31 JANUARY 2019 | 236 | 290 | (265) | 11,296 | 11,557 | 198 | 11,755 |

The accompanying notes on pages 31 to 52 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY


| COMPANY | Called up Share Capital £'000 | Share Premium Account £'000 | Own Shares £'000 | Retained Earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|
| CURRENT YEAR | | | | | |
| AT 1 FEBRUARY 2019 | 236 | 290 | (48) | 482 | 960 |
| Total comprehensive income: | | | | | |
| Profit for the year | - | - | - | 3,398 | 3,398 |
| Total comprehensive income | - | - | - | 3,398 | 3,398 |
| Transactions with owners: | | | | | |
| Dividends paid | - | - | - | (3,586) | (3,586) |
| Total transactions with owners | - | - | - | (3,586) | (3,586) |
| AT 31 JANUARY 2020 | 236 | 290 | (48) | 294 | 772 |
| PRIOR YEAR | | | | | |
| AT 1 FEBRUARY 2018 | 236 | 290 | (48) | 3,960 | 4,438 |
| Total comprehensive income: | | | | | |
| Profit for the year | - | - | - | 7,002 | 7,002 |
| Total comprehensive income | - | - | - | 7,002 | 7,002 |
| Transactions with owners: | | | | | |
| Dividends paid | - | - | - | (10,480) | (10,480) |
| Total transactions with owners | - | - | - | (10,480) | (10,480) |
| AT 31 JANUARY 2019 | 236 | 290 | (48) | 482 | 4,438 |

The accompanying notes on pages 30 to 49 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| GROUP | 2020 £'000 | 2019 £'000 |
|---|---|---|
| RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS | | |
| Profit for the year | 2,966 | 10,196 |
| Taxation | 1,476 | 1,468 |
| Financial income | (15) | (39) |
| Financial costs | 666 | 91 |
| Depreciation and amortisation | 2,093 | 1,583 |
| Depreciation of right of use assets | 2,738 | - |
| Profit on disposal of property, plant and equipment | (45) | - |
| Foreign exchange difference | (83) | (57) |
| OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL | 9,796 | 13,242 |
| Increase in receivables | (1,107) | (3,627) |
| Increase in payables | 5,296 | 2,803 |
| (Decrease) / Increase in provisions | 70 | (598) |
| CASH GENERATED FROM OPERATIONS | 14,055 | 11,820 |
| Tax paid | (1,476) | (1,841) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 12,579 | 9,979 |
| INVESTING ACTIVITIES | | |
| Interest received | 15 | 39 |
| Proceeds on sale of plant, property and equipment | 50 | - |
| Purchases of plant, property and equipment | (2,525) | (1,191) |
| Purchases of intangibles | (1,085) | (1,317) |
| NET CASH USED IN INVESTING ACTIVITIES | (3,545) | (2,469) |
| FINANCING ACTIVITIES | | |
| Interest paid | (97) | (91) |
| Lease paymentsNet proceeds from shares issued | (2,823) | - |
| Dividends paid | (3,586) | (10,480) |
| NET CASH USED IN FINANCING ACTIVITIES | (6,506) | (10,571) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,528 | (3,061) |
| Cash and cash equivalents at the beginning of the year | 17,420 | 20,481 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 19,948 | 17,420 |

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 30 to 49 form part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS

| COMPANY | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Profit for the year | 3,398 | 7,002 |
| Tax charge | 170 | - |
| Investment provision | - | 152 |
| (Increase) / Decrease in receivables | (899) | 3,183 |
| Increase in payables | 4,225 | 349 |
| CASH USED FROM OPERATIONS | 6,894 | 10,686 |
| Tax paid | 170 | - |
| NET CASH USED OPERATING ACTIVITIES | 6,724 | 10,686 |
| INVESTING ACTIVITIES | | |
| Investment in subsidiaries | (351) | (206) |
| Disposal proceeds | - | - |
| NET CASH FROM INVESTING ACTIVITIES | (351) | (206) |
| FINANCING ACTIVITIES | | |
| Dividends paid | (3,586) | (10,480) |
| NET CASH USED IN FINANCING ACTIVITIES | (3,586) | (10,480) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 2,787 | - |
| Cash and cash equivalents at the beginning of the year | 4 | 4 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 2,791 | 4 |

Cash and cash equivalents represent the sum of the compa-ny's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 31 to 52 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

### Basis of accounting
Air Charter Service Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04028491.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as interpreted by any regulatory bodies applicable to the company as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

The registered office of the company is Millbank House, 171-185 Ewell Road, Surbiton, Surrey, KT6 6AP. The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker.

In accordance with the exemptions permitted by Section 408 of the Companies Act 2006 the income statement of the company has not been presented. In the accounts of the company the profit for the financial year amounted to £3.6m (2019: £7.0m profit).

### Going concern
The consolidated financial statements are prepared on a going concern basis. In doing so the Group have assessed the Group's cash balance of £48 million as at 30 May 2020, available financing facilities, and the impact of Covid-19. The Directors have prepared detailed cash flow forecasts up to January 2022 which indicate that, taking into account severe but plausible downsides subject to the Covid 19 future uncertainty set out below, the Group expects to have sufficient cash reserves in that period. The Directors assessment has taken into account trading up to the point of signing these financial statements. The Group has experienced a period of strong trading up to May 2020, with Gross Transaction Value up 130% compared to the same period in 2019. While the Directors expect the Group to continue to generate new revenues the impact of Covid-19 has meant there is an element of uncertainty over predicting what will happen in the future. The Group's ability to remain cash positive depends on continuing to secure new revenue contracts from its customers which the Directors expect to continue to secure. The group has relatively low level of fixed costs and can reduce discretionary costs or make operational changes to preserve cash. The Directors are satisfied that in all scenarios subject to the Covid-19 future uncertainty set out above the Group has sufficient liquidity to continue operating without additional financing. The Directors expect the Group to continue as a going concern and these financial statements do not include any adjustments that would result if the group and company were unable to continue as a going concern.

### Basis of consolidation
The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2020. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

The Group consolidated financial statements incorporate the financial statements of Air Charter Service Group Limited and its subsidiary undertakings. As permitted by Companies Act 2006, a separate income statement is not presented in respect of the company.

### Key accounting judgements and sources of estimation uncertainty
The Group makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 January 2020 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### Revenue recognition
Gross Transaction Value (GTV) represents the total amount invoiced to clients excluding VAT. Revenue shown in the income statement represents net income in respect of flights undertaken during the year, exclusive of Value Added Tax. Revenue is recognised when a flight commences as the company is deemed to have completed its performance obligations at this point. Revenue on multi-sector charters is recognised on commencement of the first sector.

### Property, plant and equipment
Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment loss.
Depreciation is calculated so as to write off the cost of an asset, over their estimated useful lives, using the straight-line method as follows:

| | |
|---|---|
| Leasehold improvements over the period of the leases | |
| Motor vehicles | 25% per annum straight line |
| Fixtures and fittings | 25% per annum straight line |
| Computer equipment | 33% or 20% per annum straight line |

Residual values and useful economic lives are reviewed annually.

## 1. ACCOUNTING POLICIES (continued)

Property, plant and equipment are assessed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an impairment review is deemed necessary, it is performed in accordance with the policies set below.

### Impairment of tangible and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash- generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### Impairment of tangible and intangible assets (continued)
If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

Amortisation costs are included in the income statement within administrative expenses.

### Investments
Investments are stated at cost less any provision for impairment in value.

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

### Pension costs
The Group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group income statement.

### Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## FINANCIAL INSTRUMENTS

### Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### Classification and subsequent measurement

### Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income

("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investments in subsidiaries are carried at cost less impairment. Investments in subsidiaries are accounted for in accordance with IFRS 9.

### Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### Subsequent measurement and gains and losses
Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### Financial liabilities and equity
Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:
- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Intra-group financial instruments
Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

### Impairment
The company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

### Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

## FOREIGN CURRENCY

### Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the translation based on a monthly average rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction.

### Financial statements of foreign operations
On consolidation the assets and liabilities of overseas foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. On disposal of a foreign entity, the deferred accumulated amount recognised in equity relating to that particular foreign operation is recognised in the income statement. The Group has taken advantage of the exemption conferred by IFRS1 not to fully retrospectively apply IAS 21.

The gain or loss on disposal of these operations therefore excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

### Functional and presentation currency
The historical financial information is presented in Pounds Sterling and in round thousands, which is the Group's functional and presentation currency.

### Intangible assets
Intangible assets (software development costs) are stated at cost, net of amortisation and any recognised impairment loss.

Amortisation is calculated so as to write off the cost of an asset over its estimated useful life of 3 years.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised at cost and subsequently measured at cost less impairment losses.

## FINANCIAL INSTRUMENTS (continued)

### New standards adopted: IFRS 16 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, there

is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the

right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the re-measurement being recorded in profit or loss. The Group presents right-of-use assets that do not meet the definition of investment property in "non- current assets" and lease liabilities in "non-current liabilities" and "current liabilities" in the statement of financial position.

### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Adoption impact

IFRS 16 Leasoperating leases will be accounted for on balance sheet The impact on the statement of financial position at 1 February 2019 was to add right of use assets of £14.9m with a corresponding amount in lease liabilities.

## 2. REVENUE

Analysis of the Group's revenue, based on the location of assets used to generate revenue, is as follows:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Europe | 28,279 | 29,262 |
| Americas | 18,538 | 20,706 |
| Rest of world | 17,524 | 18,668 |
| | 64,341 | 68,636 |

Analysis of the Group's revenue based on service lines is as follows:

| | | |
|---|---|---|
| Aircraft charter brokerage | 57,466 | 60,312 |
| On board courier services | 6,672 | 8,224 |
| Other travel services | 203 | 100 |
| | 64,341 | 68,636 |

### CONTRACT ASSETS AND LIABILITIES

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Trade receivables | 10,590 | 12,961 |
| Accrued income | 398 | 752 |
| Deferred income | (25,065) | (19,344) |

Accrued income represents flights departed during the year but not yet invoiced at year end, which will all be invoiced within 12 months of the year end. Deferred income represents the group's obligation to transfer goods or services to customers, for which the group has already received consideration. The accrued income and deferred income balances carried forward at 1 February 2019 were recognised in the year.

## 3. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Staff costs (note 4) | 33,424 | 32,740 |
| (Profit) / Loss on disposal of property, plant & equipment | (45) | - |
| Depreciation of owned fixed assets | 1,428 | 1,134 |
| Amortisation of intangible assets | 665 | 449 |
| Depreciation of assets in use | 2,738 | - |
| Lease costs where no right of use asset has been recognised | 2,070 | 3,656 |
| Foreign exchange losses | 88 | 130 |

### Auditor's remuneration

Amounts paid to the auditors of the company:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Audit of these financial statements | 50 | 49 |
| Audit of subsidiaries | 123 | 116 |
| Non audit services | 65 | 35 |
| | 238 | 200 |
| Audit fees paid to other audit firms | 66 | 59 |

## 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

| | 2020 No. | 2019 No. |
|---|---|---|
| Sales | 344 | 340 |
| Non-sales | 142 | 129 |
| TOTAL | 486 | 469 |

The aggregate payroll costs of the above were:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Wages and salaries | 29,650 | 29,266 |
| Social security costs | 3,260 | 3,142 |
| Other pension costs | 514 | 332 |
| | 33,424 | 32,740 |

## 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Emoluments receivable | 994 | 1,215 |
| Company pension contributions | 48 | 37 |
| | 1,042 | 1,252 |
| Emoluments of highest paid director: | | |
| Total emoluments | 189 | 345 |
| | 189 | 345 |

| | 2020 No. | 2019 No. |
|---|---|---|
| Number of directors who accrued benefits under a money purchase pension scheme: | 6 | 5 |

The directors are considered the key management personnel of the Group within the definition set out in IAS24.

## 6. TAX CHARGE

The tax charge comprises:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| (a) Tax charge: | | |
| In respect of the year: | | |
| Current tax<br>UK Corporation tax | 163 | - |
| Adjustment in respect of prior years | 181 | 26 |
| Foreign tax | 1,054 | 1,381 |
| Total current tax | **1,398** | **1,407** |
| Deferred tax | | |
| Temporary timing differences | 78 | 27 |
| Adjustment in respect of prior years | - | 34 |
| Total deferred tax | **78** | **61** |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 1,476 | 1,468 |

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| (b) Reconciliation of tax charge to profit per income statement: | | |
| Profit before taxation | 4,441 | 11,665 |
| Taxation at UK corporation tax rate of 19% (2018:19.2%) | 844 | 2,216 |
| Effects of: | | |
| Group relief | - | (641) |
| Expenses not deductible | 75 | 62 |
| UK and overseas taxes at differing rates | 39 | (239) |
| Adjustment in respect of prior years - current tax | 181 | 26 |
| Adjustment in respect of prior years - deferred tax | - | 34 |
| Utilisation of previously unrecognised tax losses | (41) | (59) |
| Tax losses not recognised | 378 | 69 |
| TOTAL TAX (NOTE 6A) | 1,476 | 1,468 |

## 6. TAX CHARGE (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 January 2020 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly. There are unused tax losses carried forward within the Group of £1.1 million (2019: £0.8 million) for which no deferred tax asset has been recognised.

## 7. DEFERRED TAX

(a) Deferred tax credit / (charge)

| | Losses carried forward £'000 | Other timing difference £'000 | Total £'000 |
|---|---|---|---|
| **CURRENT YEAR** | | | |
| At 1 February 2019 | 93 | 180 | 273 |
| Credit to the income statement | 54 | (132) | (78) |
| AT 31 JANUARY 2020 | **147** | **48** | **195** |
| **PRIOR YEAR** | | | |
| At 1 February 2018 | 273 | 61 | 334 |
| Credit / (charge) to the income statement | (180) | 119 | (61) |
| AT 31 JANUARY 2019 | **93** | **180** | **273** |

(b) Deferred tax assets and liabilities

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|---|---|---|---|
| **Losses carried forward** | | | |
| At 1 February 2019 | 93 | - | 93 |
| Credit to the income statement | 54 | - | 54 |
| AT 31 JANUARY 2020 | **147** | - | **147** |
| **Other timing differences** | | | |
| At 1 February 2018 | 337 | (157) | 180 |
| Credit / (charge) to the income statement | 41 | (173) | (132) |
| AT 31 JANUARY 2020 | **378** | **(330)** | **48** |
| **Total** | | | |
| At 1 February 2019 | 430 | (157) | 273 |
| Credit to the income statement | 95 | (173) | (78) |
| AT 31 JANUARY 2020 | **525** | **(330)** | **195** |

## 8. CASH AND CASH EQUIVALENTS

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Restricted cash - Jetcard deposits | 5,046 | 4,202 |
| Restricted cash | 1,714 | 540 |
| Other cash and cash equivalents | 113,188 | 12,678 |
| | **19,948** | **17,420** |

The Group has certain bank accounts for the sole purpose of holding client deposits in relation to the Group's Jetcard product. These accounts are held separately from the group's trading accounts and (under contract with customers) are not used in funding the Group's working capital requirements and are therefore designated 'restricted cash'. Trust accounts are balances held on behalf of clients as required by local travel industry regulators.

## 9. DIVIDENDS

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Equity dividends on ordinary shares - 15 pence per share (2019: 44 pence per share) | 3,586 | 10,480 |

## 10. PROPERTY, PLANT AND EQUIPMENT

| GROUP | Leasehold improvement £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Computer equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| CURRENT YEAR | | | | | |
| Cost | | | | | |
| At 1 February 2019 | 3,100 | 1,626 | 192 | 3,406 | 8,324 |
| Additions | 1,419 | 493 | - | 613 | 2,525 |
| Disposals | (371) | (238) | - | (304) | (913) |
| AT 31 JANUARY 2020 | 4,148 | 1,881 | 192 | 3,715 | 9,936 |
| Depreciation | | | | | |
| At 1 February 2019 | 1,990 | 1,175 | 173 | 2,794 | 6,132 |
| Charge for the year | 663 | 250 | 5 | 510 | 1,428 |
| Disposals | (370) | (238) | - | (300) | (908) |
| AT 31 JANUARY 2020 | 2,283 | 1,187 | 178 | 3,004 | 6,652 |
| Net Book Value | | | | | |
| At 1 February 2019 | 1,110 | 451 | 19 | 612 | 2,192 |
| AT 31 JANUARY 2020 | 1,865 | 694 | 14 | 711 | 3,284 |
| PRIOR YEAR | | | | | |
| Cost | | | | | |
| At 1 February 2018 | 2,816 | 1,360 | 192 | 2,985 | 7,353 |
| Additions | 329 | 266 | - | 596 | 1,191 |
| Disposals | (45) | - | - | (175) | (220) |
| AT 31 JANUARY 2019 | 3,100 | 1,626 | 192 | 3,406 | 8,324 |
| Depreciation | | | | | |
| At 1 February 2018 | 1,536 | 1,012 | 144 | 2,526 | 5,218 |
| Charge for the year | 499 | 163 | 29 | 443 | 1,134 |
| Disposals | (45) | - | - | (175) | (220) |
| AT 31 JANUARY 2019 | 1,990 | 1,175 | 173 | 2,794 | 6,132 |
| Net Book Value | | | | | |
| At 1 February 2018 | 1,280 | 348 | 48 | 459 | 2,135 |
| AT 31 JANUARY 2019 | 1,110 | 451 | 19 | 612 | 2,192 |

The company did not hold any property, plant and equipment.

## 11. INTANGIBLE ASSETS

| | Software £'000 | Goodwill £'000 | Total £'000 |
|---|---|---|---|
| CURRENT YEAR | | | |
| COST | | | |
| At 1 February 2019 | 3,315 | 185 | 3,500 |
| Additions | 1,085 | - | 1,085 |
| AT 31 JANUARY 2020 | 4,400 | 185 | 4,585 |
| AMORTISATION | | | |
| At 1 February 2019 | 1,540 | - | 1,540 |
| Charge for the year | 665 | - | 665 |
| AT 31 JANUARY 2020 | 2,205 | - | 2,205 |
| NET BOOK VALUE | | | |
| At 1 February 2019 | 1,775 | 185 | 1,960 |
| AT 31 JANUARY 2020 | 2,195 | 185 | 2,380 |
| PRIOR YEAR | | | |
| Cost | | | |
| At 1 February 2018 | 1,998 | 185 | 2,183 |
| Additions | 1,317 | - | 1,317 |
| AT 31 JANUARY 2019 | 3,315 | 185 | 3,500 |
| AMORTISATION | | | |
| At 1 February 2018 | 1,091 | - | 1,091 |
| Charge for the year | 449 | - | 449 |
| AT 31 JANUARY 2019 | 1,540 | 0 | 1,540 |
| NET BOOK VALUE | | | |
| At 1 February 2018 | 907 | 185 | 1,092 |
| AT 31 JANUARY 2019 | 1,775 | 185 | 1,960 |

The company did not hold any intangible assets.

IAS 36 requires that an annual impairment review be conducted in relation to Goodwill, regardless of whether there are any indications of impairment. Based on review of expected cashflows from the additional shares in the subsiding acquired during the year, management did not identify any impairment.

## 12. INVESTMENTS IN SUBSIDIARIES

| COMPANY | Subsidiary undertakings £'000 |
|---|---|
| CURRENT YEAR: | |
| Cost and Net book value | |
| At 1 February 2019 | 3,190 |
| Additions | 351 |
| AT 31 JANUARY 2020 | 3,541 |
| PRIOR YEAR: | |
| At 1 February 2018 | 3,136 |
| Additions | 206 |
| Provision for impairment | (152) |
| AT 31 JANUARY 2019 | 3,190 |

12. INVESTMENTS IN SUBSIDIARIES (continued)

| SUBSIDIARIES | Country of registration | Holding | % | Prior year % | Principal Activity |
|---|---|---|---|---|---|
| Air Charter Service Limited | England | Ordinary shares | 100% | 100% | Charter broker |
| ACS Air Charter Service (Canada) Corp. | Canada | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service GmbH | Germany | Ordinary shares | 100% | 100% | Charter broker |
| ACS Afretamento Aereo Ltda | Brazil | Ordinary shares | 100% | 100% | Charter broker |
| Kingston Aviation Holdings Limited | England | Ordinary shares | 100% | 100% | Dormant |
| Air Charter Service LLC | Russia | Ordinary shares | 75% | 75% | Charter broker |
| Air Charter Service Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service California Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service FZCO | Dubai | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service (HK) Ltd | Hong Kong | Ordinary shares | 100% | 100% | Charter broker |
| Air Global Business Services (Beijing) Co. Ltd | China | Ordinary shares | 100% | 100% | Charter broker |
| ACS España Servicios de Charter Aéreo SLU | Spain | Ordinary shares | 100% | 100% | Charter broker |
| Aircraft Chartering Services SAS | France | Ordinary shares | 100% | 100% | Charter broker |
| ACS Air Charter (Pty) Limited | S Africa | Ordinary shares | 100% | 100% | Charter broker |
| ACS Air Charter Service India Private Ltd | India | Ordinary shares | 85% | 85% | Charter broker |
| Air Charter Service (ACS) Switzerland SA | Switzerland | Ordinary shares | 100% | 100% | Charter broker |
| ACS (Texas) Air Charter Service Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service (Florida) Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service (Aust) Pty Ltd | Australia | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service Transport Ltd | England | Ordinary shares | 100% | 100% | Dormant |
| ACS Air Charter Service International Ltd | Ireland | Ordinary shares | 100% | 100% | Dormant |
| Air Charter Service North Carolina Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Globe Business Services (Shanghai) Co Ltd | China | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service Georgia Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| Air Charter Service Trucking Inc | USA | Ordinary shares | 100% | 100% | Charter broker |
| ACS Air Charter Service (Canada) Passenger | Canada | Ordinary shares | 100% | 100% | Charter broker |
| Held by Kingston Aviation Holdings Limited:<br>Air Charter Service Trustee Company Ltd | England | Ordinary shares | 100% | 100% | Trustee Company |
| Held by Air Charter Service Limited<br>Air Courier Service Limited | England | Ordinary shares | 100% | 100% | Dormant |
| Held by Air Charter Service LLC:<br>Air Charter Service Kazakhstan LLP | Kazakhstan | Ordinary shares | 75% | 75% | Charter broker |
| Air Charter Service (Singapore) Pte Ltd | Singapore | Ordinary shares | 100% | - | Charter broker |

The funding arrangements for subsidiaries are generally arranged through the Company. The Directors have considered the carrying value of the company's investments in its subsidiaries at the year end having taken account of the net assets of each subsidiary, current trading activity and forecast future results. Based on the results of this review, they have recognised an impairment within the carrying value of certain of the investments of £453,000 (2019: £453,000) and a provision against loans due from subsidiaries of £1,050,000 (2019: £1,050,000). This impairment does not impact upon the consolidated income statement of the group.

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| ADDRESSES OF SUBSIDIARY UNDERTAKINGS: | |
|---|---|
| Air Charter Service Limited | 171-185 Ewell Road, Surbiton, Surrey, UK |
| ACS Air Charter Service (Canada) Corp. | 3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada |
| Air Charter Service GmbH | Lyoner Strasse 14, 60528 Frankfurt am Main, Germany |
| ACS Afretamento Aereo Ltda | 411, 5th Floor, Sala 13, Vila Olympia, Sao Paulo, Brazil |
| Kingston Aviation Holdings Limited | 171-185 Ewell Road, Surbiton, Surrey, UK |
| Air Charter Service LLC | 121609 Krylatskie Kholmy St, 5, Building 1, Moscow, Russia |
| Air Charter Service Inc | 1055 RXR Plaza, Uniondale, New York, NY 11556, USA |
| Air Charter Service California Inc | 11150 Santa Monica Blvd, Los Angeles, CA 90025, USA |
| Air Charter Service FZCO | DAFZA West Wing Building 4WB/241, Dubai, UAE |
| Air Charter Service (HK) Ltd | 25 The Cameron, 33 Cameron Rd, Kowloon, Hong Kong |
| Air Global Business Services (Beijing) Co. Ltd | Room 2005, Jian Wai Soho 39, Chao Yang, Beijing, China |
| ACS España Servicios de Charter Aéreo SLU | Calle Pedro, Teixeira 8, Planta 8, Madrid, 28020, Spain |
| Aircraft Chartering Services SAS | 82 Rue Beaubourg, Paris, 75003, France |
| ACS Air Charter (Pty) Limited | 7 Aldbury Park, Hyde Park 2196, Johannesburg, South Africa |
| ACS Air Charter Service India Private Ltd | Notan Heights, 10th Floor, 20 Guru Nanak Road, Mumbai, India |
| Air Charter Service (ACS) Switzerland SA | WTC II, 29 Route de pre Bois, Geneva, 1215, Switzerland |
| ACS (Texas) Air Charter Service Inc | 515 Post Oak Blvd. Suite 710, Houston, TX 77027, USA |
| Air Charter Service (Florida) Inc | 2 S.Biscayne Blvrd, Suite 3770, Miami, FL 33131, USA |
| Air Charter Service (Aust) Pty Ltd | Level 13, Citigroup Building, 2 Park Street, NSW 2000, Australia |
| Air Charter Service Transport Ltd | 171-185 Ewell Road, Surbiton, Surrey, UK |
| ACS Air Charter Service International Ltd | 4th Floor Harmony Court, Harmony Rd, Dublin 2, Ireland |
| Air Charter Service Trustee Company Ltd | 171-185 Ewell Road, Surbiton, Surrey, UK |
| Air Courier Service Limited | 171-185 Ewell Road, Surbiton, Surrey, UK |
| Air Charter Service Kazakhstan LLP | 17A, Fonvizin Street, Almaty, 050051, Kazakhstan |
| Air Charter Service North Carolina Inc | 160 Mine Lake Court, Suite 200, Raleigh, Wake County, North Carolina, 27615 USA |
| Air Globe Business Services (Shanghai) Co Ltd | Room 5008-5009, No.355 Hong Qiao Road, Xu HUi District, Shanghai, China |
| Air Charter Service Trucking Inc | 1055 RXR Plaza, Uniondale, New York, 11556, USA |
| Air Charter Service Georgia Inc | 1170 Peachtree Street, Suite 1200, Atlanta, GA 30309, USA |
| ACS Air Charter Service (Canada) Passenger | 3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada |
| Air Charter Service (Singapore) Pte Ltd | 38 Beach Road, Singapore, 189767 |

## 13. TRADE AND OTHER RECEIVABLES

| | GROUP 2020 £'000 | GROUP 2019 £'000 | COMPANY 2020 £'000 | COMPANY 2019 £'000 |
|---|---|---|---|---|
| Trade receivables | | 12,961 | | - |
| Amounts owed by Parent undertakings | 10,590 | 2,716 | - | 83 |
| Amounts owed by subsidiaries | 4,047 | - | - | 190 |
| Other debtors | - | 1,300 | 1,172 | - |
| Prepayments and accrued income | 1,313 | 7,661 | - | - |
| | 25,745 | 24,638 | 1,172 | 273 |

No interest is charged on receivables and amounts owed are repayable on demand.
The directors consider the carrying amount of receivables approximates to their fair value.

## 14. TRADE AND OTHER PAYABLES

| | GROUP 2020 £'000 | GROUP 2019 £'000 | COMPANY 2020 £'000 | COMPANY 2019 £'000 |
|---|---|---|---|---|
| Trade payables | 8,545 | | - | - |
| Amounts owed to Parent undertakings | 347 | 6,299 | 170 | - |
| Amounts owed to subsidiaries | - | 4 | 6,562 | 2,507 |
| Other taxation and social security | 492 | - | - | - |
| Accruals and deferred income | 30,008 | 559 | - | - |
| Other creditors | 618 | 27,467 | - | - |
| | 40,010 | 34,714 | 6,732 | 2,507 |

No interest is charged on payables and amounts owed are repayable on demand.
The directors consider the carrying amount of payables approximates to their fair value.

## 15. PROVISIONS

| NON-CURRENT LIABILITIES | Total £'000 |
|---|---|
| CURRENT YEAR: | |
| At 1 February 2019 | 199 |
| Increase | 69 |
| AT 31 JANUARY 2020 | 268 |
| PRIOR YEAR: | |
| At 1 February 2018 | 199 |
| AT 31 JANUARY 2019 | 199 |

The provision relates to the restoration of leasehold properties, principally the UK head office in Surrey, upon which the lease expires in 2025 which is when the restoration costs can reasonably be expected to be paid out. The provision has been estimated through consultation with an external construction firm.

## 15. PROVISIONS (continued)

| CURRENT LIABILITIES | Total £'000 |
|---|---|
| CURRENT YEAR | |
| At 1 February 2019 | - |
| Actual costs incurred | - |
| Credit to the profit and loss account | - |
| AT 31 JANUARY 2020 | - |
| PREVIOUS YEAR | |
| At 1 February 2018 | 598 |
| Actual costs incurred | (281) |
| Credit to the profit and loss account | (317) |
| AT 31 JANUARY 2019 | - |

## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are bank balances, trade and other receivables, trade and other payables. The Group holds financial instruments in order to finance its operations, manage exposure to related risks and to ensure that adequate levels of working capital exist for the ongoing business.

### Capital management

The Group's objectives when managing capital (ie equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### Fair value of financial instruments

| | 2020 Carrying amount £'000 | 2020 Fair value £'000 | 2019 Carrying amount £'000 | 2019 Fair value £'000 |
|---|---|---|---|---|
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 19,948 | 19,948 | 17,420 | 17,420 |
| Trade and other receivables | 25,745 | 25,745 | 24,638 | 24,638 |
| | 45,693 | 45,693 | 42,058 | 42,058 |
| FINANCIAL LIABILITIES | | | | |
| Trade and other payables | 40,010 | 40,010 | 34,714 | 34,714 |
| Provisions | 268 | 268 | 199 | 199 |
| | 40,278 | 40,278 | 34,913 | 34,913 |

### Credit risk

Credit risk predominantly arises from trade receivables. The level of credit provided to customers is reviewed on a regular basis by the directors. Internal procedures for providing credit terms take account of external credit agency information, the customer's reputation in the industry and past trading experience. Given that the majority of sales are settled in advance of operation, the Group has no significant concentrations of credit risk and the group's exposure to bad debt has not been significant historically.

## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

The trade receivables balance in note 13 represents the following:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| More than 60 days past due | 248 | 163 |
| Between 30 and 60 days past due | 202 | 223 |
| Less than 30 days past due | 530 | 1,266 |
| Due after the balance sheet date | 9,610 | 11,309 |
| | 10,590 | 12,961 |

All other amounts due at the balance sheet date were settled prior to the signing of these final statements.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The finance function produces regular forecasts of expected cash inflows and outflows, which are reviewed at Board level. The Group aims to manage liquidity by ensuring that cash is collected efficiently, also by placing excess cash on low risk, short term interest bearing deposits. Investment of cash surpluses are made through banks which must fulfil credit rating criteria approved by the directors.

| CURRENT YEAR | 2020 | 2020 Contractual cash flows | | |
|---|---|---|---|---|
| | Carrying amount £'000 | 1 year or less £'000 | 2 to <5 years £'000 | 5 years and over £'000 |
| NON DERIVATIVE FINANCIAL LIABILITIES | | | | |
| Trade and other payables | 40,010 | 40,010 | - | - |
| Lease Liabilities | 13,837 | 3,245 | 7,249 | 5,824 |
| Provisions | 268 | - | - | 268 |
| | 54,115 | 43,255 | 7,249 | 6,092 |

| PRIOR YEAR | 2019 | 2019 Contractual cash flows | | |
|---|---|---|---|---|
| | Carrying amount £'000 | 1 year or less £'000 | 2 to <5 years £'000 | 5 years and over £'000 |
| NON DERIVATIVE FINANCIAL LIABILITIES | | | | |
| Trade and other payables | 34,714 | 34,714 | - | - |
| Provisions | 199 | - | - | 199 |
| | 34,913 | 34,714 | - | 199 |

## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Foreign currency risk

The Group buys and sells services denominated principally in Sterling, US Dollars and Euros and as a result financial instruments can be affected by movements in exchange rates. The Group aims to minimise exposure to foreign currency risk by matching sales and purchases in the same currency where possible. The Group also makes use of foreign exchange markets in order to maintain an appropriate mix of foreign currency bank balances for use within the business. The breakdown of cash and cash equivalents at the balance sheet date was as follows:

| CURRENCY | 2020 Local ('000) | 2020 Closing rate | 2020 GBP (£'000) | 2019 Local ('000) | 2019 Closing rate | 2019 GBP (£'000) |
|---|---|---|---|---|---|---|
| US Dollars | 9,635 | 1.31 | 7,355 | 10,203 | 1.32 | 7,758 |
| Euros | 6,361 | 1.19 | 5,345 | 4,069 | 1.15 | 3,551 |
| GB Pounds Sterling | 2,806 | 1.00 | 2,806 | 2,871 | 1.00 | 2,871 |
| Other various | | | 4,442 | | | 3,240 |
| | | | 19,948 | | | 17,420 |

### Foreign currency risk sensitivity analysis

The Group's principal foreign currency exposures are on cash and cash equivalents denominated in US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported operating profit to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the year end, showing the effect of a revaluation of cash and cash equivalents:

| | 2020 Closing rate | 2020 Adjusted rate | 2020 Effect (£'000) | 2019 Closing rate | 2019 Adjusted rate | 2019 Effect (£'000) |
|---|---|---|---|---|---|---|
| Sterling strengthens by 10% | | | | | | |
| US Dollar | 1.31 | 1.45 | (669) | 1.32 | 1.45 | (705) |
| Euro | 1.19 | 1.31 | (486) | 1.15 | 1.26 | (322) |
| Sterling weakens by 10% | | | | | | |
| US Dollar | 1.31 | 1.18 | 817 | 1.32 | 1.18 | 862 |
| Euro | 1.19 | 1.07 | 594 | 1.15 | 1.03 | 395 |

## 17. SHORT TERM TRADE LOAN

The Group has a $8.0m million short term trade loan facility with HSBC Bank Plc for the purpose of funding credit sales to government departments, relief and charitable organisations. Interest is charged at UK base rate plus 2.75% and the facility is repayable on demand. At the balance sheet date the amount drawn on the facility was nil.

## 18. CALLED UP SHARE CAPITAL

| AUTHORISED SHARE CAPITAL: | 2020 £'000 | 2019 £'000 |
|---|---|---|
| 100,000,000 Ordinary shares of £0.01 each | 1,000 | 1,000 |

| ALLOTTED, CALLED UP AND FULLY PAID: | No. | 2020 £'000 | No. | 2019 £'000 |
|---|---|---|---|---|
| Ordinary shares of £0.01 each | 23,602,092 | 236 | 23,602,092 | 236 |

## 19. IFRS 16 LEASE LIABILITIES

Following the implementation of IFRS 16 lease liabilities have been recognised at 1st February 2019 issued at the present value of the remaining lease payment with a corresponding right of asset recognised in Non current assets.

| | Group £'000 |
|---|---|
| NON CURRENT ASSETS | |
| Recognised on implementation of IFRS16 on 1 February 2019 | 14,910 |
| Additions | 1,148 |
| Depreciation | (2,738) |
| Translation differences | 44 |
| At 31 January 2020 | 13,364 |
| LEASE LIABILITIES | |
| Recognised on implementation of IFRS16 on 1 February 2019 | 14,910 |
| Additions | 1,148 |
| Interest | 569 |
| Lease payments | (2,823) |
| Translation differences | 33 |
| At 31 January 2020 | 13,837 |

| Lease liabilities are further classified as follows: | |
|---|---|
| Current | 3,245 |
| Non-current | 10,592 |
| Total | 13,837 |

## 20. FINANCE COSTS

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Bank interest and trade loan charges | 97 | 91 |
| Lease interest | 569 | - |
| Total | 666 | 91 |

## 21. OWN SHARES

On 30 June 2011, Air Charter Service Group Ltd set up a trust. Ordinary shares in Air Charter Service Group Ltd were held by the Trustees for the purpose of satisfying options granted by group companies to their employees. The costs associated with the purchase of the shares for the Trust are deducted from equity.

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options granted by, or intended to be granted by, the Group to its employees. The trust is not intended to sell shares to employees and no sales of shares were made to employees in the period, other than to satisfy the exercise of options. During the year, no Ordinary shares were purchased from existing employee shareholders. At 31 January 2020, the Trust held no Ordinary shares in Air Charter Service Group Ltd or any other company within the group. The balance of £48k investment by the company (2019: £48k) represents residual cash held within the trust.

## 22. RELATED PARTY TRANSACTIONS

The company had the following balances with Group undertakings at the year end:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Amounts owed to Group undertakings | (5) | (2,158) |
| Amounts due from Group undertakings | 4,047 | 3,456 |

The remuneration of the directors who are the key management personnel of the Group is set out in note 5.
The Company received dividends of £2.7 million during the year from its subsidiary companies (2019: £6.5 million).

During the year Jectus Properties Ltd, a company owned by Mr CDS Leach and Mrs CJ Leach (directors of certain companies within the Group) charged the Group £94,000 for the rental of properties owned by Jectus Properties Ltd (2019: £88,000). The company charged Mr C Leach £104,000 in respect of aircraft charters (2019: £220,000).

## 22. CONTINGENT LIABILITIES

The Group operates in various overseas jurisdictions, some of which are less well developed, from a fiscal perspective, than others. The directors have structured the Group's activities to manage its exposure to such evolving legal and fiscal frameworks and thus far during the Group's expansion there have been no material unexpected exposures. The directors consider that challenge by relevant fiscal authorities is possible, but this cannot be predicted and no provision has been made for contingent liabilities of which directors are not aware.

## 23. CONTROLLING PARTY

The ultimate parent company of the group is MFG Topco Limited and there is no majority controlling shareholder. The smallest and largest consolidation the Company is consolidated into is MFG Topco Limited, the financial statements of which are available at Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK.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