

**AIR CHARTER SERVICE GROUP LIMITED**  
ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2023

# **AIR CHARTER SERVICE GROUP LIMITED**

## ANNUAL REPORT AND FINANCIAL STATEMENTS

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## OFFICERS AND ADVISERS

### THE BOARD OF DIRECTORS:

**CHRISTOPHER LEACH**

**JUSTIN BOWMAN**

**RUAN COURTNEY**

**STEWART PITT**

**JUSTIN LANCASTER**

**WILLIAM CHRISTIE**

**OMAR SAEED**

#### **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**

I am pleased to report on a very strong set of results for the year.

As total Group sales had been significantly inflated in the previous financial year due to demand relating to the supply chain issues caused by the Covid-19 pandemic, revenue and profits had been expected to fall significantly. However, this inflated cargo demand continued throughout the first quarter, giving the company an exceptional start to the year. This was further boosted by strong growth in underlying business throughout the past 12 months. As a result, whilst total gross transaction value declined from £1.3bn to £1.1bn, Adjusted EBITDA increased 13% to £81m.

Our Private Jets division saw a 34% increase year on year which was driven by growth in new clients, longer flights on larger aircraft, price inflation and continued demand from existing clients in this sector as customers use private jets to navigate the travel and logistical issues which remain post pandemic. These results were all the more pleasing considering they were achieved despite our exit from the group's Russian operations. Furthermore, our growth continues to compare favourably to the wider sector which indicates an increase in market share, driven by ACS's asset light model and ability to source diverse charter solutions through our global network, rather than being restricted by a limited fleet of aircraft.

Following a turbulent few years for Commercial Jets, this division emerged with sales 15% above pre-pandemic levels as we saw the return of group charter demand for leisure and corporate events, combined with an increasing demand for workforce logistics solutions.

Our Cargo division experienced a fall in sales versus last year, which was fully expected following the well-publicised supply chain issues and shortages of scheduled capacity which drove unprecedented demand for charter business throughout the pandemic.

However, as these issues subsided in the second half of the year, we experienced sales more than double versus pre-pandemic levels which reflect our investment in people in this division globally, combined with increased levels of charter demand from automotive clients.

As a business we are extremely conscious that the unprecedented set of results were driven by a unique set of circumstances, and we do not expect to repeat these results in the coming year. However, we are confident that our underlying business is now significantly larger than it was pre-pandemic.

Looking forward, the group has experienced continued strong trading in the first quarter of the new year. We recently opened our newest ACS office in Mexico City and are exploring a number of opportunities globally for new locations in 2023 and beyond.



**Christopher Leach**  
Chairman

10 August 2023.

## STRATEGIC REPORT

### BUSINESS REVIEW

The principal activities of Air Charter Service Group Limited (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 11 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 financial and non-financial KPIs	2023	2022
Gross profit	£168.0m	£141.4m
Adjusted EBITDA	£81.0m	£71.8m
Charter flights	15,618	16,113

Reconciliation to operating profit	2023 £m	2022 £m
Operating profit	76.5	67.4
Depreciation of property, plant and equipment & amortisation*	2.6	2.3
Non recurring items (note 21)	-	1.4
Foreign exchange	1.6	0.7
Loss on disposal	0.3	-
Adjusted EBITDA	81.0	71.8

\* 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 15 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. The directors have considered the current global economic environment, inflationary effects and the conflict in eastern Europe, none of which have had a material impact on the group’s results. Working capital requirements can fluctuate significantly due to variations in client and supplier payment terms from one period to the next. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the company will continue as a going concern for at least the next 12 months from the date of approval of the financial statements.

### 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 10 August 2023.

*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 2023.

### **RESULTS AND DIVIDENDS**

Profit after taxation for the period was £59.0 million (2022: £52.8 million) and dividends paid during the year were £55.5 million (2022: £53.3 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

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

### **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.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor 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.

### **CORPORATE ENVIRONMENT & SOCIAL RESPONSIBILITY**

During the year, the group furthered its commitments by engaging a full time Director of CESR and the establishment of a global team from across the business to implement, measure and report activities in a structured way. The group focuses on local CESR projects, diversity, volunteering & fundraising events and supporting local charities which has long been part of the group's values. We also engaged a full time Director of Training to develop the group's commitment to training people at all levels in the business, building on an already well-established program of training which is recognised as industry leading.

In terms of emissions, as a responsible business we're committed to building an energy-efficient, low-carbon business that helps lead the fight against climate change. This starts with the area where we can make an immediate and long-term impact: our internal business operations. We're striving to enable healthy spaces and places by addressing the carbon impacts associated with our offices and cultivating healthy indoor and outdoor environments. Since 2007 we have monitored our operational CO2 output and offset accordingly, certifying us as a carbon neutral business. Working with Natural Capital Partners we are providing critical funding to projects which reduce, avoid and remove emissions throughout the world, financing the global transformation of our economy and regeneration on our planet. We are committed to playing our part in environmental stewardship and running our business in a socially responsible way.

The amounts required to be reported in respect of Scope 1 emissions (fuel for transport) and Scope 2 emissions (purchased electricity) in the year are as follows:

<b>Tonnes of CO<sub>2</sub></b>	<b>2023</b>	<b>2022</b>
Scope 1	12.6	10
Scope 2	144.1	120
Total Emissions	156.7	130
Intensity Ratio (Tonnes of CO <sub>2</sub> per employee)	0.28	0.27

### **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 5. A statement regarding engagement with employees, shareholders and other stakeholders is also included in the Strategic Report on page 5.

### **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 10 August 2023.

*Stewart Pitt*

**Stewart Pitt**  
Director

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

The directors are responsible for preparing the Annual 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 both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's 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 and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR CHARTER SERVICE GROUP LIMITED**

### **OPINION**

We have audited the financial statements of Air Charter Service Group Limited ("the Company") for the year ended 31 January 2023 which comprise the Consolidated Statement of Profit and Loss and 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 Cash flows, Company Statement of Cash Flows 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 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- 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").

In our evaluation of the directors' conclusions, we considered

the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

### **FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the legal department and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR CHARTER SERVICE GROUP LIMITED (CONTINUED)**

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts. We also selected a sample of revenue transactions pre and post year-end and performed testing to ascertain whether the timing of the revenue recognition is correct.

### ***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore

if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### ***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR CHARTER SERVICE GROUP LIMITED (CONTINUED)**

- 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 7, 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](http://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.

**Omar Ali** (Senior Statutory Auditor)

For and on behalf of

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

11 August 2023.

## FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

<b>GROUP</b>	Note	2023 £'000	2022 £'000
<b>Gross transaction value</b>		<b>1,086,865</b>	<b>1,288,767</b>
Revenue	2	174,573	147,434
Cost of sales		(6,524)	(6,084)
<b>Gross profit</b>		<b>168,049</b>	<b>141,350</b>
Administrative expenses		(91,565)	(73,993)
<b>Operating profit</b>	<b>3</b>	<b>76,484</b>	<b>67,357</b>
Finance income		97	11
Finance costs	19	(584)	(696)
<b>Profit before tax</b>		<b>75,997</b>	<b>66,672</b>
Tax	6	(17,011)	(13,887)
<b>Profit for the year</b>		<b>58,986</b>	<b>52,785</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translating foreign operations		1,097	(229)
<b>Total comprehensive income for the year</b>		<b>60,083</b>	<b>52,556</b>
Profit for the year attributable to:			
Equity holders of the parent		59,131	52,655
Non-Controlling Interests		(145)	130
		<b>58,986</b>	<b>52,785</b>
Total comprehensive income for the year attributable to:			
Equity holders of the parent		60,245	52,451
Non-Controlling Interests		(162)	105
		<b>60,083</b>	<b>52,556</b>

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

The accompanying notes on pages 18 to 37 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Note	2023 £'000	2022 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	2,789	3,091
Right of use assets	18	8,276	9,460
Intangible assets and goodwill	11	4,368	3,399
Deferred tax asset	7	725	277
<b>Total non-current assets</b>		<b>16,158</b>	<b>16,227</b>
<b>Current assets</b>			
Trade and other receivables	13	61,898	96,130
Current tax asset		953	1,000
Cash and cash equivalents	8	35,898	65,785
<b>Total current assets</b>		<b>98,749</b>	<b>162,915</b>
<b>Total assets</b>		<b>114,907</b>	<b>179,142</b>
<b>Non-current liabilities</b>			
Deferred tax liability	7	(1,526)	(648)
Lease liabilities	18	(6,594)	(7,511)
<b>Total non current liabilities</b>		<b>(8,120)</b>	<b>(8,159)</b>
<b>Current liabilities</b>			
Trade and other payables	14	(77,062)	(148,060)
Current tax liabilities		(4,384)	(3,254)
Lease liabilities	18	(2,712)	(3,012)
Financial liabilities		(1,436)	-
<b>Total current liabilities</b>		<b>(85,594)</b>	<b>(154,326)</b>
<b>Total liabilities</b>		<b>(93,714)</b>	<b>(162,485)</b>
<b>NET ASSETS</b>		<b>21,193</b>	<b>16,657</b>
Called up share capital	17	236	236
Share premium account		290	290
Translation reserve		(123)	(1,237)
Retained earnings		20,632	17,048
Attributable to equity holders of the parent		<b>21,035</b>	<b>16,337</b>
Non-Controlling Interest		158	320
<b>TOTAL EQUITY</b>		<b>21,193</b>	<b>16,657</b>

The accompanying notes on pages 18 to 37 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2023.

Signed on behalf of the Board by:

*Stewart Pitt*

Stewart Pitt

Company registration number: 04028491

## COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY	Note	2023 £'000	2022 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	12	3,929	3,680
<b>Current assets</b>			
Trade and other receivables	13	5,818	1,115
Cash and cash equivalents		5,084	33,839
<b>Total current asset</b>		<b>10,902</b>	<b>34,954</b>
<b>Total assets</b>		<b>14,831</b>	<b>38,634</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(10,987)	(37,527)
Current tax liabilities		-	(224)
<b>Total liabilities</b>		<b>(10,987)</b>	<b>(37,751)</b>
<b>NET ASSETS</b>		<b>3,844</b>	<b>883</b>
<b>EQUITY</b>			
Called up share capital	17	236	236
Share premium account		290	290
Own shares	20	(48)	(48)
Retained earnings		3,366	405
<b>TOTAL EQUITY</b>		<b>3,844</b>	<b>883</b>

The accompanying notes on pages 18 to 37 form part of these financial statements.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and Other Comprehensive Income. The Company's profit for the year amounted to £58.1m (2022: £53.7m).

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2023.

Signed on behalf of the Board by:

*Stewart Pitt*

**Stewart Pitt**

Company registration number: 04028491

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>GROUP</b>	Called up Share Capital £'000	Share Premium Account £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000	Non- Controlling Interest £'000	Total Equity £'000
<b>CURRENT YEAR</b>							
<b>At 1 February 2022</b>	<b>236</b>	<b>290</b>	<b>(1,237)</b>	<b>17,048</b>	<b>16,337</b>	<b>320</b>	<b>16,657</b>
<i>Total comprehensive income:</i>							
Profit for the year	-	-	-	59,131	<b>59,131</b>	(145)	<b>58,986</b>
Other comprehensive income	-	-	1,114	-	<b>1,114</b>	(17)	<b>1,097</b>
<b>Total comprehensive income</b>	-	-	<b>1,114</b>	<b>59,131</b>	<b>60,245</b>	<b>(162)</b>	<b>60,083</b>
<i>Transactions with owners:</i>							
Dividends paid	-	-	-	(55,547)	<b>(55,547)</b>	-	<b>(55,547)</b>
<b>Total transactions with owners</b>	-	-	-	<b>(55,547)</b>	<b>(55,547)</b>	-	<b>(55,547)</b>
<b>At 31 January 2023</b>	<b>236</b>	<b>290</b>	<b>(123)</b>	<b>20,632</b>	<b>21,035</b>	<b>158</b>	<b>21,193</b>
<b>PRIOR YEAR</b>							
<b>At 1 February 2021</b>	<b>236</b>	<b>290</b>	<b>(1,033)</b>	<b>17,739</b>	<b>17,232</b>	<b>215</b>	<b>17,447</b>
<i>Total comprehensive income:</i>							
Profit for the year	-	-	-	52,655	<b>52,655</b>	130	<b>52,785</b>
Other comprehensive income	-	-	(204)	-	<b>(204)</b>	(25)	<b>(229)</b>
<b>Total comprehensive income</b>	-	-	<b>(204)</b>	<b>52,655</b>	<b>52,451</b>	<b>105</b>	<b>52,556</b>
<i>Transactions with owners:</i>							
Dividends paid	-	-	-	(53,346)	<b>(53,346)</b>	-	<b>(53,346)</b>
<b>Total transactions with owners</b>	-	-	-	<b>(53,346)</b>	<b>(53,346)</b>	-	<b>(53,346)</b>
<b>At 31 January 2022</b>	<b>236</b>	<b>290</b>	<b>(1,237)</b>	<b>17,048</b>	<b>16,337</b>	<b>320</b>	<b>16,657</b>

The accompanying notes on pages 18 to 37 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

<b>COMPANY</b>	Called up Share Capital £'000	Share Premium Account £'000	Own Shares £'000	Retained Earnings £'000	Total Equity £'000
<b>CURRENT YEAR</b>					
<b>At 1 February 2022</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>405</b>	<b>883</b>
<i>Total comprehensive income:</i>					
Profit for the year	-	-	-	58,051	<b>58,051</b>
<b>Total comprehensive income</b>	-	-	-	<b>58,051</b>	<b>58,051</b>
<i>Transactions with owners:</i>					
Dividends paid	-	-	-	(55,090)	<b>(55,090)</b>
<b>Total transactions with owners</b>	-	-	-	<b>(55,090)</b>	<b>(55,090)</b>
<b>At 31 January 2023</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>3,366</b>	<b>3,844</b>
<b>PRIOR YEAR</b>					
<b>At 1 February 2021</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>15</b>	<b>493</b>
<i>Total comprehensive income:</i>					
Profit for the year	-	-	-	53,696	<b>53,696</b>
<b>Total comprehensive income</b>	-	-	-	<b>53,696</b>	<b>53,696</b>
<i>Transactions with owners:</i>					
Dividends paid	-	-	-	(53,306)	<b>(53,306)</b>
<b>Total transactions with owners</b>	-	-	-	<b>(53,306)</b>	<b>(53,306)</b>
<b>At 31 January 2022</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>405</b>	<b>883</b>

The accompanying notes on pages 18 to 37 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2023 £'000	2022 £'000
<b>RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS</b>		
Profit for the year	58,986	52,785
Taxation	17,011	13,887
Financial income	(97)	(11)
Financial costs	584	696
Depreciation and amortisation	2,610	2,302
Depreciation of right of use assets	2,895	2,759
Loss on disposal of property, plant and equipment	109	52
Revaluation of leased assets	(125)	(6)
Foreign exchange translation difference	1,174	(200)
<b>Operating cash flows before movements in working capital</b>	<b>83,147</b>	<b>72,264</b>
Decrease in receivables	34,232	(54,249)
Decrease in payables	(70,998)	95,033
Decrease in provisions	-	(268)
<b>Cash generated from operations</b>	<b>46,381</b>	<b>112,780</b>
Tax paid	(15,403)	(16,184)
<b>Net cash generated from operating activities</b>	<b>30,978</b>	<b>96,596</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	97	11
Purchases of plant, property and equipment	(1,318)	(1,692)
Purchases of intangibles	(2,068)	(1,993)
<b>Net cash used in investing activities</b>	<b>(3,289)</b>	<b>(3,674)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(55)	(136)
Lease payments	(3,410)	(3,116)
Short term trade funding	1,436	-
Dividends paid	(55,547)	(53,346)
<b>Net cash used in financing activities</b>	<b>(57,576)</b>	<b>(56,598)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(29,887)</b>	<b>36,324</b>
Cash and cash equivalents at the beginning of the year	65,785	29,461
<b>Cash and cash equivalents at the end of the year</b>	<b>35,898</b>	<b>65,785</b>

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 18 to 37 form part of these financial statements.



## **COMPANY STATEMENT OF CASH FLOWS**

<b>COMPANY</b>	2023 £'000	2022 £'000
Profit for the year	58,051	53,696
Tax charge	417	331
(Increase) / Decrease in receivables	(4,703)	9,689
(Decrease) / Increase in payables	(26,540)	19,906
<b>Cash used from operations</b>	<b>27,225</b>	<b>83,622</b>
Tax paid	(642)	(107)
<b>Net cash used in operating activities</b>	<b>26,583</b>	<b>83,515</b>
<b>INVESTING ACTIVITIES</b>		
Investment in subsidiaries	(249)	(25)
<b>Net cash from investing activities</b>	<b>(249)</b>	<b>(25)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(55,090)	(53,306)
<b>Net cash used in financing activities</b>	<b>(55,090)</b>	<b>(53,306)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,756)</b>	<b>30,184</b>
Cash and cash equivalents at the beginning of the year	33,839	3,655
<b>Cash and cash equivalents at the end of the year</b>	<b>5,084</b>	<b>33,839</b>

Cash and cash equivalents represent the sum of the company'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 18 to 37 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 group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The parent company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted IFRS, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. 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 £58.5m (2022: £53.7m profit).

#### Going concern

The consolidated financial statements have been prepared on a going concern basis which the directors consider to be appropriate. The Group made a profit of £59.0 million (2022: £52.8 million), has net assets of £21.2 million (2022: £16.7 million), net current assets of £13.2 million (2022: £8.6 million) and cash of £35.9 million (2022: £65.8 million). As the Company is part of the Group headed by Airlift Topco Limited and participates in the Group's treasury and banking facilities, the directors have included the Company as part of its Going Concern assessment of the Group. The Directors have assessed the Group's working capital position, available financing and have also prepared detailed cash flow and covenant compliance forecasts up to 12 months from the date of the signing of these statements, which indicate that, considering severe but plausible downsides, the Group expects to have sufficient cash reserves in that period. The Directors considered trading up to the point of signing these financial statements which reflects continued strong trading up to June 2023.

While the Directors expect the Group to continue to generate new revenues, 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 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 have also considered the financial covenants attached to the Group's bank loans, and which, using the downsides applied, are not forecast to be breached. The Directors are satisfied that the Group has sufficient liquidity to continue operating without additional financing. Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the consolidated financial statements and therefore have prepared them on a going concern basis.

#### Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2023. 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 2023 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.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **1. ACCOUNTING POLICIES (continued)**

#### **Property, plant and equipment (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 out 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 solely of cash balances. 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 derecognition, 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.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FINANCIAL INSTRUMENTS (continued)**

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOREIGN CURRENCY (continued)

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.

#### IFRS 16 Leases

The Group has applied IFRS 16. 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.

#### Adopted IFRS not yet applied

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements::

- IFRS 17 Insurance Contracts, Amendments to IFRS 17 and Initial Application of IFRS17 and IFRS 9 – Comparative Information (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. REVENUE

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

	2023 £'000	2022 £'000
Europe	76,697	75,906
Americas	59,675	35,364
Rest of world	38,201	36,164
	<b>174,573</b>	<b>147,434</b>

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

Aircraft charter brokerage	166,119	138,737
On board courier services	7,634	8,221
Other travel services	820	476
	<b>174,573</b>	<b>147,434</b>

### Contract assets and liabilities

	2023 £'000	2022 £'000
Trade receivables	38,080	41,667
Accrued income	1,881	1,832
Deferred income	(38,393)	(104,793)

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 2022 were recognised in the year.

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2023 £'000	2022 £'000
Staff costs (note 4)	63,578	51,722
Loss on disposal of property, plant & equipment	109	52
Depreciation of owned fixed assets	1,511	1,368
Amortisation of intangible assets	1,099	934
Depreciation of assets in use	2,895	2,759
Foreign exchange losses	1,610	760

### Auditor's remuneration

Amounts paid to the auditors of the company:

	2023 £'000	2022 £'000
Audit of these financial statements	63	54
Audit of subsidiaries	178	151
Non audit services	112	509
	<b>353</b>	<b>714</b>
Audit fees paid to other audit firms	106	95

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. PARTICULARS OF EMPLOYEES

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

	2023 No.	2022 No.
Sales	392	340
Non-sales	168	150
<b>Total</b>	<b>560</b>	<b>490</b>

The aggregate payroll costs of the above were:

	2023 £'000	2022 £'000
Wages and salaries	57,332	46,552
Social security costs	5,428	4,480
Other pension costs	818	690
	<b>63,578</b>	<b>51,722</b>

### 5. DIRECTORS' EMOLUMENTS

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

	2023 £'000	2022 £'000
Emoluments receivable	5,769	2,749
Company pension contributions	53	51
	<b>5,822</b>	<b>2,800</b>

*Emoluments of highest paid director:*

Total emoluments	2,312	456
Company pension contributions	-	11
	<b>2,312</b>	<b>467</b>

	2023 No.	2022 No.
Number of directors who accrued benefits under a money purchase pension scheme:	6	6

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. TAX CHARGE

The tax charge comprises:

	2023	2022
	£'000	£'000

#### (a) Tax charge:

In respect of the year:

##### Current tax

UK Corporation tax	5,260	5,660
Adjustment in respect of prior years	(259)	17
Foreign tax	11,580	7,860
<b>Total current tax</b>	<b>16,581</b>	<b>13,537</b>

##### Deferred tax

Temporary timing differences	430	350
<b>Total deferred tax</b>	<b>430</b>	<b>350</b>
<b>Tax on profit on ordinary activities</b>	<b>17,011</b>	<b>13,887</b>

#### (b) Reconciliation of tax charge to profit per income statement:

Profit before taxation	75,997	66,672
Taxation at UK corporation tax rate of 19% (2022:19%)	14,439	12,668

#### Effects of:

Expenses not deductible	81	2
Change in deferred tax rate	232	-
UK and overseas taxes at differing rates	2,546	1,227
UK super deduction	(153)	(158)
Adjustment in respect of prior years - current tax	(259)	17
Utilisation of previously unrecognised tax losses	(57)	(28)
Tax losses not recognised	182	159
<b>Total tax (note 6a)</b>	<b>17,011</b>	<b>13,887</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. TAX CHARGE (continued)

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the group's future current tax charge accordingly. The deferred tax assets and liability at 31 January 2023 have been calculated based on these rates, reflecting the expected timing of reversal of the related temporary/timing differences (2022: 19%).

### 7. DEFERRED TAX

#### (a) Deferred tax credit / (charge)

	Other timing differences £'000	Total £'000
<b>Current Year</b>		
At 1 February 2022	(371)	(371)
Charge to the income statement	(430)	(430)
<b>At 31 January 2023</b>	<b>(801)</b>	<b>(801)</b>
<b>Prior Year</b>		
At 1 February 2021	(21)	(21)
Charge to the income statement	(350)	(350)
<b>At 31 January 2022</b>	<b>(371)</b>	<b>(371)</b>

#### (b) Deferred tax assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
<b>Other timing differences</b>			
At 1 February 2022	277	(648)	(371)
Credit / (charge) to the income statement	448	(878)	(430)
<b>At 31 January 2023</b>	<b>725</b>	<b>(1,526)</b>	<b>(801)</b>
<b>Total</b>			
At 1 February 2022	277	(648)	(371)
Credit / (charge) to the income statement	448	(878)	(430)
<b>At 31 January 2023</b>	<b>725</b>	<b>(1,526)</b>	<b>(801)</b>

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **8. CASH AND CASH EQUIVALENTS**

	2023 £'000	2022 £'000
Restricted cash - Jetcard deposits	11,512	10,016
Other cash and cash equivalents	24,386	55,769
	<b>35,898</b>	<b>65,785</b>

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 are not used in funding the Group's working capital requirements and are therefore designated 'restricted cash'.

### **9. DIVIDENDS**

	2023 £'000	2022 £'000
Equity dividends on ordinary shares - 235 pence per share (2022: 226 pence per share)	55,547	53,346

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold improvement £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
<b>Current Year</b>					
<b>Cost</b>					
At 1 February 2022	4,677	2,053	28	5,247	12,005
Additions	175	88	124	931	1,318
Disposals	-	(315)	-	(98)	(413)
<b>At 31 January 2023</b>	<b>4,852</b>	<b>1,826</b>	<b>152</b>	<b>6,080</b>	<b>12,910</b>
<b>Depreciation</b>					
At 1 February 2022	3,045	1,654	22	4,193	8,914
Charge for the year	435	181	4	891	1,511
Disposals	-	(209)	-	(95)	(304)
<b>At 31 January 2023</b>	<b>3,480</b>	<b>1,626</b>	<b>26</b>	<b>4,989</b>	<b>10,121</b>
<b>Net Book Value</b>					
At 1 February 2022	1,632	399	6	1,054	3,091
<b>At 31 January 2023</b>	<b>1,372</b>	<b>200</b>	<b>126</b>	<b>1,091</b>	<b>2,789</b>
<b>Prior Year</b>					
<b>Cost</b>					
At 1 February 2021	4,228	1,968	28	4,448	10,672
Additions	717	98	-	877	1,692
Disposals	(268)	(13)	-	(78)	(359)
<b>At 31 January 2022</b>	<b>4,677</b>	<b>2,053</b>	<b>28</b>	<b>5,247</b>	<b>12,005</b>
<b>Depreciation</b>					
At 1 February 2021	2,863	1,436	18	3,536	7,853
Charge for the year	422	231	4	711	1,368
Disposals	(240)	(13)	-	(54)	(307)
<b>At 31 January 2022</b>	<b>3,045</b>	<b>1,654</b>	<b>22</b>	<b>4,193</b>	<b>8,914</b>
<b>Net Book Value</b>					
At 1 February 2021	1,365	532	10	912	2,819
<b>At 31 January 2022</b>	<b>1,632</b>	<b>399</b>	<b>6</b>	<b>1,054</b>	<b>3,091</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. INTANGIBLE ASSETS

	Software £'000	Goodwill £'000	Total £'000
<b>CURRENT YEAR:</b>			
<b>Cost</b>			
At 1 February 2022	7,167	188	7,355
Additions	2,068	-	2,068
<b>At 31 January 2023</b>	<b>9,235</b>	<b>188</b>	<b>9,423</b>
<b>Amortisation</b>			
At 1 February 2022	3,956	-	3,956
Charge for the year	1,099	-	1,099
<b>At 31 January 2023</b>	<b>5,055</b>	<b>-</b>	<b>5,055</b>
<b>Net Book Value</b>			
At 1 February 2022	3,211	188	3,399
<b>At 31 January 2023</b>	<b>4,180</b>	<b>188</b>	<b>4,368</b>
<b>PRIOR YEAR:</b>			
<b>Cost</b>			
At 1 February 2021	5,174	188	5,362
Additions	1,993	-	1,993
<b>At 31 January 2022</b>	<b>7,167</b>	<b>188</b>	<b>7,355</b>
<b>Amortisation</b>			
At 1 February 2021	3,022	-	3,022
Charge for the year	934	-	934
<b>At 31 January 2022</b>	<b>3,956</b>	<b>-</b>	<b>3,956</b>
<b>Net Book Value</b>			
At 1 February 2021	2,152	188	2,340
<b>At 31 January 2022</b>	<b>3,211</b>	<b>188</b>	<b>3,399</b>

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 management did not identify any impairment.

### 12. INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary undertakings £'000
<b>CURRENT YEAR:</b>	
<b>Cost and Net book value</b>	
At 1 February 2022	3,680
Additions	249
<b>At 31 January 2023</b>	<b>3,929</b>
<b>PRIOR YEAR:</b>	
At 1 February 2021	3,655
Additions	25
<b>At 31 January 2022</b>	<b>3,680</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 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
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 Global 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 Corp	Canada	Ordinary shares	100%	100%	Charter broker
Held by Kingston Aviation Holdings Limited: Air Charter Service Trustee Company Ltd	England	Ordinary shares	100%	100%	Trustee Company
Held by Air Charter Service Limited Air Courier Service Limited	England	Ordinary shares	100%	100%	Dormant
Air Charter Service Kazakhstan LLP	Kazakhstan	Ordinary shares	75%	75%	Charter broker
Air Charter Service (Singapore) Pte Ltd	Singapore	Ordinary shares	100%	100%	Charter broker
Air Charter Service Illinois Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service Delaware Inc	USA	Ordinary shares	100%	100%	Charter broker
ACS Time Critical Services GmbH	Germany	Ordinary shares	100%	100%	Broker
Air Charter Service Mexico City S.DE R.L.DE C.V.	Mexico	Ordinary shares	100%	-	Charter broker

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

ADDRESSES OF SUBSIDIARY UNDERTAKINGS:	
Air Charter Service Limited	Millbank House, 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	An der Welle 5, 60322, Frankfurt am Main, Germany
ACS Afretamento Aereo Ltda	Rua Funchal, 411 5 andar sala 13, Vila Olimpia, São Paulo – SP, CEP 04551-060, Brazil
Kingston Aviation Holdings Limited	Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service Inc	1200 RXR Plaza, Uniondale, NY 11556, United States
Air Charter Service California Inc	11150 Santa Monica Blvd, Los Angeles, CA 90025, USA
Air Charter Service FZCO	DAFZ, East Wing Building 8E/102, P.O. Box 293696, Dubai, UAE
Air Charter Service (HK) Ltd	25 The Cameron, 33 Cameron Rd, Kowloon, Hong Kong
Air Global Business Services (Beijing) Co. Ltd	Room 2603, Building B (South Office), Jian Wai SOHO, No. 39, Dong San Huan Zhong Lu, Chao Yang District, Beijing, 100022, China
ACS España Servicios de Charter Aéreo SLU	Edificio Iberia Mart I, Calle Pedro Teixeira 8, 8 planta, 28020 Madrid, Spain
Aircraft Chartering Services SAS	82 Rue Beaubourg, Paris, 75003, France
ACS Air Charter (Pty) Limited	The Pivot, Block A, Fourth Floor, Montecasino Boulevard, Montecasino, Fourways, Johannesburg, South Africa
ACS Air Charter Service India Private Ltd	Platina, 7th Floor, Unit 703, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India
Air Charter Service (ACS) Switzerland SA	Route de Pré Bois 15-17, 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 Blvd, Suite 3770, Miami, FL 33131, USA
Air Charter Service (Aust) Pty Ltd	Level 21, 60 Margaret Street, Sydney NSW, 2000, Australia
ACS Air Charter Service International Ltd	4th Floor Harmony Court, Harmony Rd, Dublin 2, Ireland
Air Charter Service Trustee Company Ltd	Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK
Air Courier Service Limited	Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service Kazakhstan LLP	Aptekarskaya Nab. 8, Liter A, Office 677, Saint Petersburg, 197022, Russia
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 4115, Floor4, No.355 Hongqiao Road, Xu Hui District, Shanghai, 200030, China
Air Charter Service Trucking Inc	1200 RXR Plaza, Uniondale, NY 11556, United States
Air Charter Service Georgia Inc	1100 Peachtree Street NE, Suite 950, Atlanta, GA 30309, United States
ACS Air Charter Service (Canada) Passenger Corp	3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada
Air Charter Service (Singapore) Pte Ltd	30-12/13 South Beach Tower, 38 Beach Road, Singapore
Air Charter Service Illinois Inc	515 N. State St., 14th Floor, Chicago, IL 60654, United States
Air Charter Service Delaware Inc	1209 Orange Street, Wilmington, New Castle 19801, United States
ACS Time Critical Services GmbH	Langer Kornweg 34C, 65451 Kelsterbach, Germany
Air Charter Service Mexico City S.DE R.L.DE C.V.	Av. Humberto Junco Voigt No. 2307, Torre II Local 3 Mezzanine Col, Valle Ote., Garza García, Nuevo León, 66269 SAN PEDRO, Mexico

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 (2022: £453,000) and a provision against loans due from subsidiaries of £364,000 (2022: £364,000). This impairment does not impact upon the consolidated income statement of the group.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	38,080	41,667	-	-
Amounts owed by Parent undertakings	10,944	11,079	-	-
Amounts owed by subsidiaries	-	-	5,818	1,115
Other debtors	1,760	2,435	-	-
Prepayments	9,233	39,117	-	-
Accrued income	1,881	1,832	-	-
	<b>61,898</b>	<b>96,130</b>	<b>5,818</b>	<b>1,115</b>

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

**14. TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	13,747	14,987	-	-
Amounts owed to Parent undertakings	81	8	-	-
Amounts owed to subsidiaries	-	-	10,987	37,527
Other taxation and social security	632	1,043	-	-
Accruals	23,631	26,888	-	-
Deferred income	38,393	104,793	-	-
Other creditors	578	341	-	-
	<b>77,062</b>	<b>148,060</b>	<b>10,987</b>	<b>37,527</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. 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, issue new shares or sell assets to reduce debt.

#### Fair value of financial instruments

	2023	2023	2022	2022
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	35,898	35,898	65,785	65,785
Trade and other receivables	61,898	61,898	96,130	96,130
	<b>97,796</b>	<b>97,796</b>	<b>161,915</b>	<b>161,915</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other payables	77,062	77,062	148,060	148,060
Lease liabilities	9,306	9,306	10,523	10,523
	<b>86,368</b>	<b>86,368</b>	<b>158,583</b>	<b>158,583</b>

The financial instruments in the table above are all within level 3 of the fair value hierarchy (input for the asset or liability that are not based on observable market data).

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### Credit Risk (continued)

	2023 £'000	2022 £'000
More than 60 days past due	72	798
Between 30 and 60 days past due	2,011	234
Less than 30 days past due	3,010	2,837
Due after the balance sheet date	32,987	37,798
	<b>38,080</b>	<b>41,667</b>

Significant 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	2023	2023 Contractual cash flows		
	Carrying amount £'000	1 year or less £'000	2 to <5 years £'000	5 years and over £'000
<b>NON DERIVATIVE FINANCIAL LIABILITIES</b>				
Trade and other payables	77,062	77,062	-	-
Lease liabilities	9,306	3,120	4,839	2,612
	<b>86,368</b>	<b>80,182</b>	<b>4,839</b>	<b>2,612</b>
<b>PRIOR YEAR</b>	2022	2022 Contractual cash flows		
	Carrying amount £'000	1 year or less £'000	2 to <5 years £'000	5 years and over £'000
<b>NON DERIVATIVE FINANCIAL LIABILITIES</b>				
Trade and other payables	148,060	148,060	-	-
Lease liabilities	10,523	3,126	6,789	2,289
	<b>158,583</b>	<b>151,186</b>	<b>6,789</b>	<b>2,289</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. 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	2023 Local (£'000)	2023 Closing rate	2023 GBP (£'000)	2022 Local (£'000)	2022 Closing rate	2022 GBP (£'000)
US Dollars	20,001	1.23	16,221	53,601	1.34	39,911
Euros	5,655	1.14	4,975	11,877	1.20	9,894
GB Pounds Sterling	6,396	1.00	6,396	6,877	1.00	6,877
Other various			8,306			9,103
			<b>35,898</b>			<b>65,785</b>

#### 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:

	2023 Closing rate	2023 Adjusted rate	2023 Effect (£'000)	2022 Closing rate	2022 Adjusted rate	2022 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.23	1.36	(1,475)	1.34	1.48	(3,628)
Euro	1.14	1.25	(452)	1.20	1.32	(899)
Sterling weakens by 10%						
US Dollar	1.23	1.11	1,802	1.34	1.21	4,435
Euro	1.14	1.02	553	1.20	1.08	1,099

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. 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 3.5% and the facility is repayable on demand. At the balance sheet date the amount drawn on the facility was £1.4m (2022: nil).

### 17. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:	2023	2022
	£'000	£'000
100,000,000 (2022: 100,000,000) Ordinary shares of £0.01 each	1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:	No.	2023	No.	2022
		£'000		£'000
Ordinary shares of £0.01 each	23,602,092	236	23,602,092	236

Dividends paid on ordinary shares during the year amounted to £55.5m (2022: £53.3m).

### 18. IFRS 16 LEASE LIABILITIES

	Group
	£'000

#### Non current assets

At 1 February 2022	9,460
Additions	1,487
Disposals	(247)
Depreciation	(2,895)
Translation differences	471
<b>At 31 January 2023</b>	<b>8,276</b>

#### Lease liabilities

At 1 February 2022	10,523
Additions	1,487
Disposals	(372)
Interest	529
Lease payments	(3,410)
Translation differences	549
<b>At 31 January 2023</b>	<b>9,306</b>

#### Lease liabilities are further classified as follows:

Current	2,712
Non-current	6,594
<b>Total</b>	<b>9,306</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. FINANCE COSTS

	2023 £'000	2022 £'000
Bank interest and trade loan charges	55	136
Lease interest	529	560
	<b>584</b>	<b>696</b>

### 20. 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 2023, 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 (2022: £48k) represents residual cash held within the trust.

### 21. NON RECURRING ITEMS

In the previous year the group incurred advisors fees in relation to the purchase of the head office headquarters (£627k) and capital restructuring (£1,013k) offset by release of provisions (£268k).

### 22. RELATED PARTY TRANSACTIONS

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

	2023 £'000	2022 £'000
Amounts owed to Parent undertakings	81	8
Amounts due from Parent undertakings	10,944	11,079

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 £55.5 million during the year from its subsidiary companies (2022: £51.7 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 £138,000 for the rental of properties owned by Jectus Properties Ltd (2022: £103,000) and the group charged Jectus Properties Ltd £14,000 for administrative services. The group charged Mr C Leach £350,000 in respect of aircraft charters and other travel services (2022: £134,000). Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

### 23. 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.

### 24. CONTROLLING PARTY

The ultimate parent company of the group is Airlift 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.

### 25. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.