REGISTERED NUMBER: 01371670 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Period 1 July 2018 to 31 December 2018

for

Starspeed Limited

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Starspeed Limited

Company Information
for the Period 1 July 2018 to 31 December 2018

DIRECTORS:	S Mitchell S Jones C Pedersen
REGISTERED OFFICE:	West Entrance Fairoaks Airport Chobham Surrey GU24 8HU
REGISTERED NUMBER:	01371670 (England and Wales)
SENIOR STATUTORY AUDITOR:	Aidan Smyth
AUDITORS:	Peter Hodgson & Co. Ltd. (Statutory Auditor) Chartered Accountants Shadwell House 65 Lower Green Road Tunbridge Wells Kent TN4 8TW

Strategic Report for the Period 1 July 2018 to 31 December 2018

The directors present their strategic report for the period 1 July 2018 to 31 December 2018.

REVIEW OF BUSINESS

Starspeed Ltd was incorporated in 1978 and was awarded its initial Air Operator's Certificate in 1988. The primary purpose of the company is to provide aircraft management services, as part of which it also holds an Operating Licence issued by the UK CAA to offer commercial air transport services.

On 7 September 2017, the entire share capital of the company was acquired by Luxaviation Group.

PRINCIPAL RISKS AND UNCERTAINTIES

As an aircraft operator, the largest risks are relating to the incalculable consequences of a very serious incident or accident; however, as a highly regulated entity, the majority of company systems and processes are designed and maintained to minimise the possibility of such an outcome.

The regulatory uncertainties of Brexit, although most unwelcome, are currently managed; as much of the costs of the business are either in USD or EUR, the possible currency exchange fluctuations are of more significant concern, along with the potential chaotic VAT and other tax, customs and excise consequences.

FINANCIAL REVIEW

The company changed its financial year end to 31st December so as to align its accounting period with the rest of the Luxaviation Group of companies. These accounts are therefore for a period of six months.

The turnover for the period gross of expenses recharged to aircraft owners amounted to £8,726,810 (30-6-2018 : £18,420,907). The turnover is slightly down compared to the previous period and reflects the loss of an aircraft management contract in the period and the fact that the second half of the calender year traditionally sees generally less charter revenue because of seasonal factors.

Gross margin amounted to 8.95% compared to 8.15% in the previous year - the main factors affecting the gross margin was more profitable contract income as there now much more financial scrutiny of contracts before they are entered into. There were though additional staff salaries because of higher staff numbers, general salary increases and higher workplace pension costs which offset some of the positive variances on aircraft management activities.

The profit for the period before tax amounted to £241,263 (30-6-2018 full year: £716,224) after group management fees of £144,737 and the write off an old intercompany start-up loan between the company and Starspeed Training Limited in the sum of £42,690.

The accounts contain a number of once off transactions which affected the trading result for the period:

We had to return £122,656 of credit to the owners of aircraft G-CEOJ on termination of their contract.

We had to credit the owners of aircraft G-RBHF the sum of £70,000 because the contract was renegotiated to only require 2 pilots instead of 3.

The company's net assets increased to £4,655,061 at the period end.

We have renegotiated our insurance contracts and will be in receipt of commissions from insurance premiums going forward.

The company changed to IFRS accounting standards as opposed to UK FRS102 as a basis for drawing up its accounts so as to align ourselves with group accounting policies. We have also decided to implement IFRS 16 on leases which is earlier than required again to align ourselves with group accounting. The financial impact of these changes has been negligible to the published trading results for the period.

Strategic Report
for the Period 1 July 2018 to 31 December 2018

FUTURE PLANS

The business has opportunities for growth, and it is in the fortunate position to be able to select which of those opportunities are most consistent with company goals and objectives. The most attractive opportunities are those associated with Commercial Air Transport aircraft, but the majority of new enquiries are coming from private operations at the moment. The Company has a strategy to balance these two types of business to optimise the overall financial returns achieved.

ON BEHALF OF THE BOARD:

S Mitchell - Director

15 May 2019

Report of the Directors
for the Period 1 July 2018 to 31 December 2018

The directors present their report with the financial statements of the company for the period 1 July 2018 to 31 December 2018.

PRINCIPAL ACTIVITY
The principal activity of the company in the period under review was that of the supply of management and consultancy services in the use of helicopters, combined with the business of aircraft and helicopter charters.

DIVIDENDS
No dividends will be distributed for the period ended 31 December 2018.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

S Mitchell
S Jones
C Pedersen

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

ON BEHALF OF THE BOARD:

S Mitchell - Director

15 May 2019

Report of the Independent Auditors to the Members of Starspeed Limited

Opinion

We have audited the financial statements of Starspeed Limited (the 'company') for the period ended 31 December 2018 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Starspeed Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

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

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

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

Aidan Smyth (Senior Statutory Auditor)
for and on behalf of Peter Hodgson & Co. Ltd. (Statutory Auditor)
Chartered Accountants
Shadwell House
65 Lower Green Road
Tunbridge Wells
Kent
TN4 8TW

15 May 2019

Starspeed Limited (Registered number: 01371670)

Statement of Profit or Loss
for the Period 1 July 2018 to 31 December 2018

	Notes	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
CONTINUING OPERATIONS			
Revenue	4	8,726,810	21,518,565
Direct costs		(7,945,270)	(19,764,036)
GROSS PROFIT		781,540	1,754,529
Other operating income		33,670	26,578
Administrative expenses		(568,308)	(1,298,699)
Other operating expenses		(42,690)	-
Exceptional items	6	-	184,943
Finance income	7	37,051	48,873
PROFIT BEFORE TAX EXPENSE	8	241,263	716,224
Tax expense	9	(43,584)	(47,457)
PROFIT FOR THE PERIOD		197,679	668,767

The notes form part of these financial statements

Starspeed Limited (Registered number: 01371670)

Statement of Profit or Loss and Other Comprehensive Income for the Period 1 July 2018 to 31 December 2018

	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
PROFIT FOR THE PERIOD	197,679	668,767
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	197,679	668,767

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

	Notes	2018 £	2018 £	2017 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	10	-	-	-
Property, plant and equipment	11	215,161	276,114	1,939,217
Trade and other receivables	12	2,952,467	2,810,597	-
		3,167,628	3,086,711	1,939,217
CURRENT ASSETS				
Trade and other receivables	12	4,401,493	4,387,567	4,583,640
Cash and cash equivalents	13	611,212	347,610	2,377,911
		5,012,705	4,735,177	6,961,551
TOTAL ASSETS		8,180,333	7,821,888	8,900,768
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	14	100	100	100
Retained earnings	15	4,654,961	4,457,282	3,788,515
TOTAL EQUITY		4,655,061	4,457,382	3,788,615
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial liabilities - leases				
Right of use assets	17	30,448	115,219	-
Deferred tax	19	16,385	15,416	63,989
		46,833	130,635	63,989
CURRENT LIABILITIES				
Trade and other payables	16	3,393,668	3,152,360	4,764,359
Financial liabilities - leases				
Right of use assets	17	84,771	81,511	-
Tax payable		-	-	283,805
		3,478,439	3,233,871	5,048,164
TOTAL LIABILITIES		3,525,272	3,364,506	5,112,153
TOTAL EQUITY AND LIABILITIES		8,180,333	7,821,888	8,900,768

The financial statements were approved by the Board of Directors on 15 May 2019 and were signed on its behalf by:

S Mitchell - Director

The notes form part of these financial statements

Starspeed Limited (Registered number: 01371670)

Statement of Changes in Equity for the Period 1 July 2018 to 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2017	100	3,788,515	3,788,615
Changes in equity			
Total comprehensive income	-	668,767	668,767
Balance at 30 June 2018	100	4,457,282	4,457,382
Changes in equity			
Total comprehensive income	-	197,679	197,679
Balance at 31 December 2018	100	4,654,961	4,655,061

The notes form part of these financial statements

Statement of Cash Flows
for the Period 1 July 2018 to 31 December 2018

	Notes	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
Cash flows from operating activities			
Cash generated from operations	1	470,141	(371,494)
Tax paid		(125,399)	(379,835)
Net cash from operating activities		344,742	(751,329)
Cash flows from investing activities			
Purchase of tangible fixed assets		(36,069)	(84,002)
Sale of tangible fixed assets		-	1,600,000
Interest received		37,051	48,873
Net cash from investing activities		982	1,564,871
Cash flows from financing activities			
Capital repayments in year		(82,122)	(82,122)
Loans advanced to related parties		-	(2,761,721)
Net cash from financing activities		(82,122)	(2,843,843)
Increase/(decrease) in cash and cash equivalents		263,602	(2,030,301)
Cash and cash equivalents at beginning of period	2	347,610	2,377,911
Cash and cash equivalents at end of period	2	611,212	347,610

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Period 1 July 2018 to 31 December 2018

1. RECONCILIATION OF PROFIT BEFORE TAX EXPENSE TO CASH GENERATED FROM OPERATIONS

	Period 1.7.18 to 31.12.18	Year Ended 30.6.18
	£	£
Profit before tax expense	241,263	716,224
Depreciation charges	97,023	189,594
Finance income	(37,051)	(48,873)
	301,235	856,945
(Increase)/decrease in trade and other receivables	(140,399)	147,197
Increase/(decrease) in trade and other payables	309,305	(1,375,636)
Cash generated from operations	470,141	(371,494)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 31 December 2018

	31.12.18	1.7.18
	£	£
Cash and cash equivalents	611,212	347,610

Year ended 30 June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	347,610	2,377,911

Notes to the Financial Statements
for the Period 1 July 2018 to 31 December 2018

1. **FINANCIAL YEAR END CHANGE**

These accounts are for the six month period ended 31 December 2018.

The financial year end was changed so as to align it with the company's ultimate parent company and other companies in the group. The comparative figures for the previous period are for the year ended 30 June 2018 so are not entirely comparable.

2. **STATUTORY INFORMATION**

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

3. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The date of adoption of IFRS is 1 July 2018 and the comparative figures for the year ended 30 June 2018 have been restated to comply with IFRS requirements. An opening Statement of Financial Position as at 1 July 2017 under UK GAAP has been included in these financial statements.

The financial statements have been prepared on the historical cost basis.

These financial statements are presented in £ sterling.

Critical accounting judgements and key sources of estimation uncertainty
There are no critical accounting judgements or key sources of estimation uncertainty pertaining to these financial statements or matters that need to be brought to the attention of users of these accounts which have not already been disclosed.

Changes in accounting policies
The company has chosen to implement the provisions of IFRS 16 in these accounts. The results for the prior period have been restated.

Leases where the company has right of use and control of identifiable assets are treated as fixed assets and the obligation to pay the rental under the lease are treated as leases payable as required by IFRS 16.

All other accounting policies remain unchanged.

continued...

3. **ACCOUNTING POLICIES - continued**

Revenue recognition
All income in the current and previous accounting period was from carrying out aircraft charter, pilotage, aircraft management and maintenance activities for clients under contract.

The company regards all contracts as point in time contracts under IFRS 15 and income is recognised in the accounts on that basis as required by the standard.

Revenue is measured at fair value or receivable and represents the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of the company's business, net of discounts, rebates and sales related taxes.

Revenue is recognised when the goods are delivered and the significant risks and rewards of ownership have passed to the customer.

Revenue is recognised with reference to the stage of completion provided that the amount of revenue and its related costs can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the company.

Interest income is recognised, in profit or loss, using the effective interest rate method.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Right of use assets	- in accordance with the lease
Improvements to property	- 20% on cost
Plant and machinery	- 4 to 20 years
Computer equipment	- 25% on reducing balance

Property, plant and equipment are tangible assets that:

- are held for use in the production or supply of goods or services, for rental to others for administrative purposes; and

- are expected to be used for more than one period.

Items of property, plant and equipment are initially recognised at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leases where the company has right of use and control of identifiable assets are treated as fixed assets and the obligation to pay the rentals under the lease are treated as leases payable as required by IFRS 16.

Rentals paid under leases where the company does not have control over the use of the underlying asset are charged through the income statement.

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3. ACCOUNTING POLICIES - continued

Financial instruments
Initial Measurement
Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Trade and other receivables
Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Trade payables
Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into (currency) using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Bank loans and overdrafts
Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Taxation
Current tax assets and liabilities
Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred Tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future.
Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax Expense
Tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

continued...

3. **ACCOUNTING POLICIES - continued**

Impairment of assets
At each reporting date, the company assesses whether there is any indication that any asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

Foreign currencies
Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising in retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue adopt the going concern basis of accounting in preparing the financial statements.

Functional currency
The functional currency of the company is £ Sterling.

Provisions and contingencies
Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

continued...

4. **REVENUE**

Segmental reporting
The company's turnover derived from the following market segments:

£1,635,755 - Aircraft charter (30-6-2016 - £2,594,550)

£1,435,329 – Pilotage (30-6-2018 – (£2,349,222)

£nil – Sale of aircraft (30-6-2018 - £3,097,658)

£1,493,338 - Aircraft management contracts (30-6-2018 - £4,244,730)

£4,162,388 - Expenses recharged (30-6-2018 - £9,232,405)

£8,726,810

The company's turnover in respect of aircraft charter, pilotage, aircraft management and maintenance arose in the following geographic markets:

18.54% - UK (30-6-2018 - 44.41%)

19.38% - Europe (30-6-2018 - 14.83%)

13.24% - USA (30-6-2018 - 33.13%)

48.84% - Rest of world (30-6-2018 - 7.63%)

100.00%

Revenue from contracts with customers

All income in the current and previous accounting period was from carrying out aircraft charter, pilotage, aircraft management and maintenance activities for clients under contract.

The company regards all contracts as point in time contracts under IFRS 15 and income is recognised in the accounts on that basis as required by the standard.

5. **EMPLOYEES AND DIRECTORS**

	Period 1.7.18 to 31.12.18	Year Ended 30.6.18
	£	£
Wages and salaries	1,929,075	3,261,172
Social security costs	258,499	381,037
Other pension costs	76,517	125,760
	2,264,091	3,767,969

continued...

5. **EMPLOYEES AND DIRECTORS - continued**

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

	Period 1.7.18 to 31.12.18	Year Ended 30.6.18
Directors	1	2
Operations and administration	36	38
	37	40

The company paid 3% employer pension contributions for all eligible employees from July 2018 to December 2018 into the company Workplace Pension Scheme.

Pension contributions were made on behalf of the director in the year and they amounted to £3,300.

	Period 1.7.18 to 31.12.18	Year Ended 30.6.18
	£	£
Directors' remuneration	76,000	189,596

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

Money purchase schemes	1	1

6. **EXCEPTIONAL ITEMS IN PREVIOUS ACCOUNTING YEAR**

Exceptional items relate to the transactions surrounding the purchase and sale of aircraft V-VGML and which were concluded in the financial year to 30th June 2018.

In 2016, N Neil a former shareholder of PHCO154 Limited, the company's holding company; loaned it the sum of £2,017,562 to finance the purchase of the aircraft. There were no formal terms as to the repayment of the loan and it was on an interest free basis.

The aircraft was sold for £1,600,000 during the year to 30th June 2018 and the proceeds applied to repay the original loan. The shortfall amounting to £417,562 was waived in favour of the company upon the purchase of the company by Luxaviation Holding Company.

The net book value of the aircraft at the date of sale amounted to £1,832,619 and the sale proceeds amounted to £1,600,000 resulting in a loss on sale of £232,619.

continued...

7. NET FINANCE INCOME

	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
Finance income:		
Bank interest receivable	268	-
Other interest receivable	36,783	48,873
	37,051	48,873

8. PROFIT BEFORE TAX EXPENSE

The profit before tax expense is stated after charging:

	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
Cost of inventories recognised as expense	7,945,270	19,764,036
Depreciation - owned assets	97,022	189,592
Auditors' remuneration	3,690	4,000
Foreign exchange differences	171	40,220

9. TAX EXPENSE

Analysis of tax expense

	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
Current tax:		
Corporation tax	42,615	96,030
Deferred tax	969	(48,573)
Total tax expense in statement of profit or loss	43,584	47,457

continued...

9. **TAX EXPENSE - continued**

Factors affecting the tax expense
The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.7.18 to 31.12.18 £	Year Ended 30.6.18 £
Profit before income tax	241,263	716,224
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	45,840	136,083
Effects of:		
Group losses surrendered	-	(11,430)
Depreciation	18,434	36,023
Other fixed asset adjustments	-	(35,138)
Capital allowances	(6,887)	(16,043)
Other adjustments	831	2,138
Deferred tax	969	(48,573)
Right of use assets	(15,603)	(15,603)
Tax expense	43,584	47,457

10. **INTANGIBLE ASSETS**

	Patents and licences £
COST	
At 1 July 2018 and 31 December 2018	69,578
AMORTISATION	
At 1 July 2018 and 31 December 2018	69,578
NET BOOK VALUE	
At 31 December 2018	-
At 30 June 2018	-

Intangible assets comprise Civil Aviation Authority training license fees which have been fully amortised.

continued...

11. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets £	Improvements to property £	Plant and machinery £	Computer equipment £	Totals £
COST					
At 1 July 2018	275,106	83,806	264,677	143,514	767,103
Additions	-	-	35,684	385	36,069
At 31 December 2018	275,106	83,806	300,361	143,899	803,172
DEPRECIATION					
At 1 July 2018	82,122	65,238	231,599	112,030	490,989
Charge for period	82,123	2,321	8,595	3,983	97,022
At 31 December 2018	164,245	67,559	240,194	116,013	588,011
NET BOOK VALUE					
At 31 December 2018	110,861	16,247	60,167	27,886	215,161
At 30 June 2018	192,984	18,568	33,078	31,484	276,114

Leases where the company has right of use and control of identifiable assets are treated as fixed assets and the obligation to pay the rentals under the lease are treated as leases payable as required by IFRS 16.

12. TRADE AND OTHER RECEIVABLES

	2018 £	2018 £
Current:		
Trade debtors	3,121,180	3,225,577
Due from group company	-	74,661
Due from related parties	12,254	-
Tax recoverable	82,784	15,399
VAT	202,078	128,809
Other debtors & prepayments	206,465	150,177
Prepaid aircraft expenses	776,732	792,944
	4,401,493	4,387,567
Non-current:		
Due from related parties	2,952,467	2,810,597
Aggregate amounts	7,353,960	7,198,164

continued...

12. TRADE AND OTHER RECEIVABLES - continued

Debtors - due within one year
At the period end, the company was owed £12,254 by Luxaviation Group companies in respect of group trading.

Debtors - due after more than one year
At the period end, the company was owed the following loan amounts by related parties:

£2,671,460 - Execujet Aviation Group
£195,351 - Luxaviation Group

The balances attract interest at 2.75%. per annum and the accrued interest to the period end amounted to £85,656.

The total due from related parties due after more than one year including accrued interest amounted to £2,952,467.

The loans are for a period of three years starting in September 2017 and were initially in the sum of £2.6m and the facility was increased to £3.6m in August 2018. The loans may be terminated by either party by giving 12 months notice and are therefore shown as being due after more than one year.

13. CASH AND CASH EQUIVALENTS

	2018 £	2018 £
Bank accounts	611,212	347,610

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2018 £
100	Ordinary	£1	100	100

15. RESERVES

	Retained earnings £
At 1 July 2018	4,457,282
Profit for the period	197,679
At 31 December 2018	4,654,961

continued...

16. TRADE AND OTHER PAYABLES

	2018 £	2018 £
Current:		
Trade creditors	2,379,642	1,858,677
Social security and other taxes	111,261	90,959
Other creditors - deposits	100,000	100,000
Due to group company	5,849	-
Deferred income	788,416	1,093,224
Accrued expenses	8,500	9,500
	3,393,668	3,152,360

Other creditors comprise deposits held by the company in respect of managed aircraft, they are repayable if and when the management contract is terminated.

17. FINANCIAL LIABILITIES - LEASES

	2018 £	2018 £
Current:		
Lease liabilities (see note 18)	84,771	81,511
Non-current:		
Lease liabilities (see note 18)	30,448	115,219

Terms and debt repayment schedule

	1 year or less £	2-5 years £	Totals £
Lease liabilities	84,771	30,448	115,219

18. LEASE LIABILITIES

Minimum lease payments under lease liabilities fall due as follows:

	Right of use assets 2018 £	2018 £
Net obligations repayable:		
Within one year	84,771	81,511
Between one and five years	30,448	115,219
	115,219	196,730

continued...

19. DEFERRED TAX

	2018	2018
	£	£
Balance at 1 July	15,416	63,989
Accelerated capital allowances	969	(48,573)
Balance at 31 December	16,385	15,416

20. CAPITAL COMMITMENTS

	2018	2018
	£	£
Contracted but not provided for in the financial statements	-	-

21. ULTIMATE CONTROLLING PARTY

Starspeed Limited is a wholly owned subsidiary of PHCO154 Limited, a company incorporated in England and Wales.

PHCO154 Limited is owned by Execujet Aviation Group (51%) , Luxaviation Holding SA (40%) and LH Wing Holding SA (9%).

The ultimate controlling party is Luxaviation Holding Company which is based in Luxembourg.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2018	2018
	£	£
Profit for the financial period	197,679	668,767
Net addition to shareholders' funds	197,679	668,767
Opening shareholders' funds	4,457,382	3,788,615
Closing shareholders' funds	4,655,061	4,457,382

23. GROUP TRANSACTIONS & BALANCES

At the period end, the company owed £5,849 to Starspeed Training Limited in respect of ongoing trading transactions between the two companies.

The net trading between the two companies amounted to £129,124 during the year.

continued...

24. RELATED PARTY TRANSACTIONS

The company paid management fees of £144,737 to related parties during the period.

At the period end, the company was owed the following amounts by related parties:

Due within one year
£12,254 by Luxaviation Group companies in respect of group trading.

Due after more than one year
Loan amounts due by related parties:

£2,671,460 - Execujet Aviation Group
£195,351 - Luxaviation Group

The balances attract interest at 2.75%. per annum and the accrued interest to the period end amounted to £85,656.

The total due from related parties due after more than one year including accrued interest amounted to £2,952,467.

The loans are for a period of three years starting in September 2017 and were initially in the sum of £2.6m and the facility was increased to £3.6m in August 2018. The loans may be terminated by either party by giving 12 months notice and are therefore shown as being due after more than one year.

25. POST BALANCE SHEET EVENTS

There are no events which occurred after the date of these financial statements and the date of approval by the directors which require either adjustment or disclosure in these financial statements.

26. CONTINGENT LIABILITY

The company provides pilots with £150,000 worth of insurance cover in the event that they lose their licence to operate aircraft.

For pilots in the 40-60 age group the company insures £100,000 worth of cover with a third party insurer and effectively self-insures the balance. In the event that a pilot in that age group lost their license, the company would be liable to pay £50,000 per pilot.

continued...

27. **EFFECTS OF TRANSITION TO IFRS**

The company chose to adopt IFRS with effect from 1 July 2018. The accounts for the previous period have been restated and an opening Statement of Financial Position at 1 July 2017 is included in these accounts.

Except for the inclusion of Right of Use assets and associated lease liabilities under IFRS 16 there are no other transition changes requiring disclosure in these accounts.

The effects of this change on the Statement of Financial Position and reported profit and loss is as follows:

30-6-2018

Right of Use Assets in the sum of £275,106 and associated lease liabilities of the same amount has been included in the accounts. The assets are depreciated over the period of the lease.

At 30-6-2018 the accumulated depreciation charged on the assets was £82,123 and the net book value of the assets was £192,983. The associated lease liabilities at this date amounted to £196,730.

The net effect on the profit and loss for the year was a reduction in reported profits of £3,738.

31-12-2018

At 31-12-2018 the accumulated depreciation charged on the assets was £164,246 and the net book value of the assets was £110,860. The associated lease liabilities at this date amounted to £115,219.

The net effect on the profit and loss for the period was a reduction in reported profits of £612.