

# **AIR CHARTER SERVICE GROUP LIMITED**

## ANNUAL REPORT AND FINANCIAL STATEMENTS



YEAR ENDED 31 JANUARY 2021

# **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, despite the complex challenges faced by the business in the wake of the pandemic and its effect on the wider aviation industry. Our results are a direct result of the long term investment in our global network and the diversification of our product offering which put the group in a unique position to be able to deliver complex solutions on every continent for both existing clients as well as to many customers who were new to the market.

Our gross transaction value increased by 86% to £887m which represents the busiest period in our 30 year history. The significant reduction in scheduled passenger airline capacity throughout the year ultimately led to an increase in the demand for charter flights, particularly in the cargo charter sector as the majority of global airfreight is carried in the belly space of passenger planes.

Following the outbreak of the Covid-19 pandemic, our immediate focus was the safety of our staff as we quickly and successfully worked through the challenges of working from home and ensured that the business continued to operate effectively. We then set about implementing significant protective measures within all of our offices worldwide and continue to develop procedures as the operational effects of the pandemic evolve.

As the early stages of the pandemic unfolded and travel restrictions came into effect, ACS through its global office network was ideally placed to support the repatriation of a large volume of individuals, families and groups as thousands of travellers returned home from every continent.

In our Private Jets division, ongoing travel restrictions throughout 2020 adversely affected demand for business travel, however this was largely offset by increased demand from high net worth individuals looking for the flexibility and low contact points associated with private jet travel.

Our Commercial Jets division was also adversely affected by travel restrictions, the cancellation of major sporting events and corporate incentive trips. However, this was more than offset by an increase in the demand for transportation of workers in various sectors again seeking a safe and low contact alternative to scheduled passenger travel, in addition to the evacuation charters described above.

Finally, our Cargo division had its busiest time in our history as the charter market filled demand created by a major shortage of freight capacity and disruption to global supply chains. We supported the transportation of large volumes of personal protective equipment to over 60 countries during the early stages of the pandemic and then later, delivery of covid test kits and other medical equipment. Again ACS was ideally placed to support customers due to our global office network - these were large and complex projects involving multiple operational teams from our US, European and Asia offices. We gained further competitive advantage due to our commercial jets division which was able to source passenger aircraft for use as temporary freighters when the capacity of dedicated freighters was unable to meet demand.

These factors ultimately led to a record set of results in a very challenging year. This was testament to the group's strategy of diversifying across different sectors and making a major investment in growing our international network of 27 offices over the last two decades. The group also benefits from a highly experienced management team and dedicated employees who worked together to deliver these record results and I would like to thank them for their hard work.

Looking forward the group continues to experience strong trading in the first half of the new year albeit at a more normalised level of business. With a strong balance sheet and healthy cash position, we feel confident in facing the challenges ahead.



Christopher Leach  
Chairman

22 June 2021.

## 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	2021	2020
Gross profit	£114.4m	£60.1m
Adjusted EBITDA	£53.7m	£7.2m
Charter flights	12,432	12,484

Reconciliation to operating profit	2021 £m	2020 £m
Operating profit	51.0	5.1
Depreciation of property, plant and equipment & amortisation*	2.2	2.0
Foreign exchange	0.5	0.1
Adjusted EBITDA	53.7	7.2

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

### RISKS AND UNCERTAINTIES

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

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

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

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

### SECTION 172 STATEMENT

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

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

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

Approved by the Board of Directors on 22 June 2021.

*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 2021.

### RESULTS AND DIVIDENDS

Profit after taxation for the period was £40.0 million (2020: £3.0 million) and dividends paid during the year were £32.9 million (2020: £3.6 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

### 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.

### 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, advancing circularity, and cultivating healthy indoor and outdoor environments. And since 2007 we have monitored our operational CO<sub>2</sub> 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:

	Tonnes of CO <sub>2</sub>
Scope 1	15
Scope 2	138
Total Emissions	153
Intensity Ratio (Tonnes of CO <sub>2</sub> per employee)	0.34

### 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 22 June 2021.

*Stewart Pitt*

**Stewart Pitt**  
Director

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

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

Under that law they have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of 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;
- for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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



## **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 2021 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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, and 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 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 group.





## **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.

### ***Identifying and responding to risks of material misstatement due to non-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 (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors 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 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 team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

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 licenses to operate. We identified the following areas as those most likely to have such an effect: health and safety, 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 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.



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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **DIRECTORS' RESPONSIBILITIES**

As explained more fully in their statement set out on page 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.

**Steve Masters** (Senior Statutory Auditor)

For and on behalf of

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

23 June 2021.

## FINANCIAL STATEMENTS

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

GROUP	Note	2021 £'000	2020 £'000
<b>Gross transaction value</b>		<b>886,638</b>	<b>476,741</b>
Revenue	2	118,127	64,341
Cost of sales		(3,739)	(4,258)
<b>Gross profit</b>		<b>114,388</b>	<b>60,083</b>
Administrative expenses		(63,383)	(54,990)
<b>Operating profit</b>	<b>3</b>	<b>51,005</b>	<b>5,093</b>
Finance income		12	15
Finance costs		(742)	(666)
<b>Profit before tax</b>		<b>50,275</b>	<b>4,442</b>
Tax	6	(10,298)	(1,476)
<b>Profit for the year</b>		<b>39,977</b>	<b>2,966</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translating foreign operations		(707)	(71)
<b>Total comprehensive income for the year</b>		<b>39,270</b>	<b>2,895</b>

Profit for the year attributable to:

Equity holders of the parent	39,870	3,046
Non-Controlling Interests	107	(80)
	<b>39,977</b>	<b>2,966</b>

Total comprehensive income for the year attributable to:

Equity holders of the parent	39,184	2,964
Non-Controlling Interests	86	(69)
	<b>39,270</b>	<b>2,895</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	2021 £'000	2020 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	2,819	3,284
Right of use assets	19	11,270	13,364
Intangible assets and goodwill	11	2,340	2,380
Deferred tax asset	7	225	525
<b>Total non-current assets</b>		<b>16,654</b>	<b>19,553</b>
<b>Current assets</b>			
Trade and other receivables	13	41,881	25,745
Current tax asset		770	850
Cash and cash equivalents	8	29,461	19,948
<b>Total current assets</b>		<b>72,112</b>	<b>46,543</b>
<b>Total assets</b>		<b>88,766</b>	<b>66,096</b>
<b>Non-current liabilities</b>			
Deferred tax liability	7	(246)	(330)
Provisions	15	(268)	(268)
Lease liabilities	19	(8,854)	(10,592)
<b>Total non current liabilities</b>		<b>(9,368)</b>	<b>(11,190)</b>
<b>Current liabilities</b>			
Trade and other payables	14	(53,027)	(40,010)
Current tax liabilities		(5,670)	(587)
Lease liabilities	19	(3,254)	(3,245)
<b>Total current liabilities</b>		<b>(61,951)</b>	<b>(43,842)</b>
<b>Total liabilities</b>		<b>(71,319)</b>	<b>(55,032)</b>
<b>NET ASSETS</b>		<b>17,447</b>	<b>11,064</b>
Called up share capital	18	236	236
Share premium account		290	290
Translation reserve		(1,033)	(347)
Retained earnings		17,739	10,756
<b>Attributable to equity holders of the parent</b>		<b>17,232</b>	<b>10,935</b>
Non-Controlling Interest		215	129
<b>TOTAL EQUITY</b>		<b>17,447</b>	<b>11,064</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 22 June 2021.

Signed on behalf of the Board by:

*Stewart Pitt*

Stewart Pitt

Company registration number: 04028491

Year Ended 31 January 2021

## **COMPANY STATEMENT OF FINANCIAL POSITION**

<b>COMPANY</b>	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	12	3,655	3,541
<b>Current assets</b>			
Trade and other receivables	13	10,804	1,172
Cash and cash equivalents		3,655	2,791
<b>Total current asset</b>		<b>14,459</b>	<b>3,963</b>
<b>Total assets</b>		<b>18,114</b>	<b>7,504</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(17,621)	(6,732)
<b>Total liabilities</b>		<b>(17,621)</b>	<b>(6,732)</b>
<b>NET ASSETS</b>		<b>493</b>	<b>772</b>
<b>EQUITY</b>			
Called up share capital	18	236	236
Share premium account		290	290
Own shares	21	(48)	(48)
Retained earnings		15	294
<b>TOTAL EQUITY</b>		<b>493</b>	<b>772</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 22 June 2021.

Signed on behalf of the Board by:

*Stewart Pitt*

**Stewart Pitt**

Company registration number: 04028491

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Called up Share Capital £'000	Share Premium Account £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000	Non- Controlling Interest £'000	Total Equity £'000
<b>CURRENT YEAR</b>							
<b>At 1 February 2020</b>	<b>236</b>	<b>290</b>	<b>(347)</b>	<b>10,756</b>	<b>10,935</b>	<b>129</b>	<b>11,064</b>
<i>Total comprehensive income:</i>							
Profit for the year	-	-	-	39,870	<b>39,870</b>	107	<b>39,977</b>
Other comprehensive income	-	-	(686)	-	<b>(686)</b>	(21)	<b>(707)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(686)</b>	<b>39,870</b>	<b>39,184</b>	<b>86</b>	<b>39,270</b>
<i>Transactions with owners:</i>							
Dividends paid	-	-	-	(32,887)	<b>(32,887)</b>	-	<b>(32,887)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,887)</b>	<b>(32,887)</b>	<b>-</b>	<b>(32,887)</b>
<b>At 31 January 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>
<b>PRIOR YEAR</b>							
<b>At 1 February 2019</b>	<b>236</b>	<b>290</b>	<b>(265)</b>	<b>11,296</b>	<b>11,557</b>	<b>198</b>	<b>11,755</b>
<i>Total comprehensive income:</i>							
Profit for the year	-	-	-	3,046	<b>3,046</b>	(80)	<b>2,966</b>
Other comprehensive income	-	-	(82)	-	<b>(82)</b>	11	<b>(71)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(82)</b>	<b>3,046</b>	<b>2,964</b>	<b>(69)</b>	<b>2,895</b>
<i>Transactions with owners:</i>							
Dividends paid	-	-	-	(3,586)	<b>(3,586)</b>	-	<b>(3,586)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,586)</b>	<b>(3,586)</b>	<b>-</b>	<b>(3,586)</b>
<b>At 31 January 2020</b>	<b>236</b>	<b>290</b>	<b>(347)</b>	<b>10,756</b>	<b>10,935</b>	<b>129</b>	<b>11,064</b>

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

## COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY	Called up Share Capital £'000	Share Premium Account £'000	Own Shares £'000	Retained Earnings £'000	Total Equity £'000
<b>CURRENT YEAR</b>					
<b>At 1 February 2020</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>294</b>	<b>772</b>
<i>Total comprehensive income:</i>					
Profit for the year	-	-	-	32,610	<b>32,610</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,610</b>	<b>32,610</b>
<i>Transactions with owners:</i>					
Dividends paid	-	-	-	(32,889)	<b>(32,889)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,889)</b>	<b>(32,889)</b>
<b>At 31 January 2021</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>15</b>	<b>493</b>
<b>PRIOR YEAR</b>					
<b>At 1 February 2019</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>482</b>	<b>960</b>
<i>Total comprehensive income:</i>					
Profit for the year	-	-	-	3,398	<b>3,398</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,398</b>	<b>3,398</b>
<i>Transactions with owners:</i>					
Dividends paid	-	-	-	(3,586)	<b>(3,586)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,586)</b>	<b>(3,586)</b>
<b>At 31 January 2020</b>	<b>236</b>	<b>290</b>	<b>(48)</b>	<b>294</b>	<b>772</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2021 £'000	2020 £'000
<b>RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS</b>		
Profit for the year	39,977	2,966
Taxation	10,298	1,476
Financial income	(12)	(15)
Financial costs	742	666
Depreciation and amortisation	2,182	2,093
Depreciation of right of use assets	3,111	2,738
Profit on disposal of property, plant & equipment	-	(45)
Foreign exchange translation difference	(746)	(83)
<b>Operating cash flows before movements in working capital</b>	<b>55,552</b>	<b>9,796</b>
Increase in receivables	(16,136)	(1,107)
Increase in payables	13,017	5,296
Increase in provisions	-	70
<b>Cash generated from operations</b>	<b>52,433</b>	<b>14,055</b>
Tax paid	(4,919)	(1,476)
<b>Net cash generated from operating activities</b>	<b>47,514</b>	<b>12,579</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	12	15
Proceeds on sale of plant, property and equipment	-	50
Purchases of plant, property and equipment	(900)	(2,525)
Purchases of intangibles	(774)	(1,085)
<b>Net cash used in investing activities</b>	<b>(1,662)</b>	<b>(3,545)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(110)	(97)
Lease payments	(3,342)	(2,823)
Dividends paid	(32,887)	(3,586)
<b>Net cash used in financing activities</b>	<b>(36,339)</b>	<b>(6,506)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,513</b>	<b>2,528</b>
Cash and cash equivalents at the beginning of the year	19,948	17,420
<b>Cash and cash equivalents at the end of the year</b>	<b>29,461</b>	<b>19,948</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>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year	32,610	3,398
Tax charge	313	170
(Increase) / Decrease in receivables	(9,632)	(899)
Increase in payables	10,889	4,225
<b>Cash used from operations</b>	<b>34,180</b>	<b>6,894</b>
Tax paid	(315)	(170)
<b>Net cash used operating activities</b>	<b>33,865</b>	<b>6,724</b>
<b>INVESTING ACTIVITIES</b>		
Investment in subsidiaries	(114)	(351)
<b>Net cash from investing activities</b>	<b>(114)</b>	<b>(351)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(32,887)	(3,586)
<b>Net cash used in financing activities</b>	<b>(32,887)</b>	<b>(3,586)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>864</b>	<b>2,787</b>
Cash and cash equivalents at the beginning of the year	2,791	4
<b>Cash and cash equivalents at the end of the year</b>	<b>3,655</b>	<b>2,791</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 international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). 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 Adopted IFRSs, 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 £32.6m (2020: £3.4m profit).

#### Going concern

The consolidated financial statements are prepared on a going concern basis. In doing so the Group have assessed the Group's cash balance of £27 million as at 31 May 2021, available financing facilities, and the impact of Covid-19. The Directors have prepared detailed cash flow forecasts up to January 2023 which indicate that, taking into account severe but plausible downsides subject to the Covid 19 future uncertainty set out below, the Group expects to have sufficient cash reserves in that period. The Directors assessment has taken into account trading up to the point of signing these financial statements. The Group has experienced a period of strong trading up to May 2021. While the Directors expect the Group to continue to generate new revenues the impact of Covid-19 has meant there is an element of uncertainty over predicting what will happen in the future. The Group's ability to remain cash positive depends on continuing to secure new revenue contracts from its customers which the Directors expect to continue to secure. The group has relatively low level of fixed costs and can reduce discretionary costs or make operational changes to preserve cash. The Directors are

satisfied that in all scenarios subject to the Covid 19 future uncertainty set out above the Group has sufficient liquidity to continue operating without additional financing. The Directors expect the Group to continue as a going concern and these financial statements do not include any adjustments that would result if the group and company were unable to continue as a going concern.

#### Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2021. 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 2021 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.

### **Adoption impact**

The impact on the statement of financial position at 1 February 2019 was to add right of use assets of £14.9m with a corresponding amount in lease liabilities.

## 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:

	2021 £'000	2020 £'000
Europe	62,942	28,279
Americas	24,418	18,538
Rest of world	30,767	17,524
	<b>118,127</b>	<b>64,341</b>

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

Aircraft charter brokerage	111,600	57,466
On board courier services	6,322	6,672
Other travel services	205	203
	<b>118,127</b>	<b>64,341</b>

### Contract assets and liabilities

	2021 £'000	2020 £'000
Trade receivables	19,184	10,590
Accrued income	536	398
Deferred income	(26,308)	(25,065)

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 2020 were recognised in the year.

### 3. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

	2021 £'000	2020 £'000
Staff costs (note 4)	43,450	33,424
Profit on disposal of property, plant & equipment	-	(45)
Depreciation of owned fixed assets	1,365	1,428
Amortisation of intangible assets	817	665
Depreciation of assets in use	3,111	2,738
Foreign exchange losses	552	88

### Auditor's remuneration

Amounts paid to the auditors of the company:

	2021 £'000	2020 £'000
Audit of these financial statements	53	50
Audit of subsidiaries	145	123
Non audit services	52	65
	<b>250</b>	<b>238</b>
Audit fees paid to other audit firms	74	66

## 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:

	2021 No.	2020 No.
Sales	321	344
Non-sales	129	142
<b>Total</b>	<b>450</b>	<b>486</b>

The aggregate payroll costs of the above were:

	2021 £'000	2020 £'000
Wages and salaries	39,036	29,650
Social security costs	3,794	3,260
Other pension costs	620	514
	<b>43,450</b>	<b>33,424</b>

### 5. DIRECTORS' EMOLUMENTS

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

	2021 £'000	2020 £'000
Emoluments receivable	2,161	994
Company pension contributions	49	48
	<b>2,210</b>	<b>1,042</b>

*Emoluments of highest paid director:*

Total emoluments	377	189
	<b>377</b>	<b>189</b>

	2021 No.	2020 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:

	2021 £'000	2020 £'000
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#### (a) Tax charge:

In respect of the year:

##### *Current tax*

UK Corporation tax	4,641	163
Adjustment in respect of prior years	(1)	181
Foreign tax	5,442	1,054
<b>Total current tax</b>	<b>10,082</b>	<b>1,398</b>

##### *Deferred tax*

Temporary timing differences	216	78
<b>Total deferred tax</b>	<b>216</b>	<b>78</b>
<b>Tax on profit on ordinary activities</b>	<b>10,298</b>	<b>1,476</b>

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

Profit before taxation	50,275	4,441
Taxation at UK corporation tax rate of 19% (2020: 19%)	9,552	844
<b>Effects of:</b>		
Expenses not deductible	25	75
UK and overseas taxes at differing rates	605	39
Adjustment in respect of prior years - current tax	(1)	181
Utilisation of previously unrecognised tax losses	-	(41)
Tax losses not recognised	117	378
<b>Total tax (note 6a)</b>	<b>10,298</b>	<b>1,476</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. TAX CHARGE (continued)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020 reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax asset/ liability at 31 January 2021 has been calculated at 19% (2020: 19%). This will increase the company's future tax charge accordingly. There are unused tax losses carried forward within the Group of £1.4 million (2020: £1.1 million) for which no deferred tax asset has been recognised.

### 7. DEFERRED TAX

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

	Losses carried forward £'000	Other timing differences £'000	Total £'000
<b>Current Year</b>			
At 1 February 2020	147	48	195
Credit / (charge) to the income statement	(147)	(69)	(216)
<b>At 31 January 2021</b>	-	(21)	(21)
<b>Prior Year</b>			
At 1 February 2019	93	180	273
Credit / (charge) to the income statement	54	(132)	(78)
<b>At 31 January 2020</b>	147	48	195

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

	Assets £'000	Liabilities £'000	Total £'000
<b>Losses carried forward</b>			
At 1 February 2020	147	-	147
(Charge) to the income statement	(147)	-	(147)
<b>At 31 January 2021</b>	-	-	-
<b>Other timing differences</b>			
At 1 February 2020	378	(330)	48
Credit / (charge) to the income statement	(153)	84	(69)
<b>At 31 January 2021</b>	225	(246)	(21)
<b>Total</b>			
At 1 February 2020	525	(330)	195
Credit / (charge) to the income statement	(300)	84	(216)
<b>At 31 January 2021</b>	225	(246)	(21)

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

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

	2021 £'000	2020 £'000
Restricted cash - Jetcard deposits	7,299	5,046
Restricted cash - trust accounts	-	1,714
Other cash and cash equivalents	22,162	13,188
	<b>29,461</b>	<b>19,948</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**

	2021 £'000	2020 £'000
Equity dividends on ordinary shares - 139 pence per share (2020: 15 pence per share)	32,887	3,586

## 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
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#### Current Year

##### Cost

At 1 February 2020	4,148	1,881	192	3,715	9,936
Additions	80	87	-	733	900
Disposals	-	-	(164)	-	(164)
<b>At 31 January 2021</b>	<b>4,228</b>	<b>1,968</b>	<b>28</b>	<b>4,448</b>	<b>10,672</b>

##### Depreciation

At 1 February 2020	2,283	1,187	178	3,004	6,652
Charge for the year	580	249	4	532	1,365
Disposals	-	-	(164)	-	(164)
<b>At 31 January 2021</b>	<b>2,863</b>	<b>1,436</b>	<b>18</b>	<b>3,536</b>	<b>7,853</b>

##### Net Book Value

At 1 February 2020	1,865	694	14	711	3,284
<b>At 31 January 2021</b>	<b>1,365</b>	<b>532</b>	<b>10</b>	<b>912</b>	<b>2,819</b>

#### Prior Year

##### Cost

At 1 February 2019	3,100	1,626	192	3,406	8,324
Additions	1,419	493	-	613	2,525
Disposals	(371)	(238)	-	(304)	(913)
<b>At 31 January 2020</b>	<b>4,148</b>	<b>1,881</b>	<b>192</b>	<b>3,715</b>	<b>9,936</b>

##### Depreciation

At 1 February 2019	1,990	1,175	173	2,794	6,132
Charge for the year	663	250	5	510	1,428
Disposals	(370)	(238)	-	(300)	(908)
<b>At 31 January 2020</b>	<b>2,283</b>	<b>1,187</b>	<b>178</b>	<b>3,004</b>	<b>6,652</b>

##### Net Book Value

At 1 February 2019	1,110	451	19	612	2,192
<b>At 31 January 2020</b>	<b>1,865</b>	<b>694</b>	<b>14</b>	<b>711</b>	<b>3,284</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 2020	4,400	185	4,585
Additions	774	3	777
<b>At 31 January 2021</b>	<b>5,174</b>	<b>188</b>	<b>5,362</b>
<b>Amortisation</b>			
At 1 February 2020	2,205	-	2,205
Charge for the year	817	-	817
<b>At 31 January 2021</b>	<b>3,022</b>	<b>-</b>	<b>3,022</b>
<b>Net Book Value</b>			
At 1 February 2020	2,195	185	2,380
<b>At 31 January 2021</b>	<b>2,152</b>	<b>188</b>	<b>2,340</b>
<b>PRIOR YEAR:</b>			
<b>Cost</b>			
At 1 February 2019	3,315	185	3,500
Additions	1,085	-	1,085
<b>At 31 January 2020</b>	<b>4,400</b>	<b>185</b>	<b>4,585</b>
<b>Amortisation</b>			
At 1 February 2019	1,540	-	1,540
Charge for the year	665	-	665
<b>At 31 January 2020</b>	<b>2,205</b>	<b>-</b>	<b>2,205</b>
<b>Net Book Value</b>			
At 1 February 2019	1,775	185	1,960
<b>At 31 January 2020</b>	<b>2,195</b>	<b>185</b>	<b>2,380</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 from the additional shares in the subsidiary acquired during the year, 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 2020	3,541
Additions	114
<b>At 31 January 2021</b>	<b>3,655</b>
<b>PRIOR YEAR:</b>	
At 1 February 2019	3,190
Additions	351
<b>At 31 January 2020</b>	<b>3,541</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 LLC	Russia	Ordinary shares	75%	75%	Charter broker
Air Charter Service Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service California Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service FZCO	Dubai	Ordinary shares	100%	100%	Charter broker
Air Charter Service (HK) Ltd	Hong Kong	Ordinary shares	100%	100%	Charter broker
Air Global Business Services (Beijing) Co. Ltd	China	Ordinary shares	100%	100%	Charter broker
ACS España Servicios de Charter Aéreo SLU	Spain	Ordinary shares	100%	100%	Charter broker
Aircraft Chartering Services SAS	France	Ordinary shares	100%	100%	Charter broker
ACS Air Charter (Pty) Limited	S Africa	Ordinary shares	100%	100%	Charter broker
ACS Air Charter Service India Private Ltd	India	Ordinary shares	85%	85%	Charter broker
Air Charter Service (ACS) Switzerland SA	Switzerland	Ordinary shares	100%	100%	Charter broker
ACS (Texas) Air Charter Service Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service (Florida) Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service (Aust) Pty Ltd	Australia	Ordinary shares	100%	100%	Charter broker
Air Charter Service Transport Ltd	England	Ordinary shares	100%	100%	Dormant
ACS Air Charter Service International Ltd	Ireland	Ordinary shares	100%	100%	Dormant
Air Charter Service North Carolina Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Globe Business Services (Shanghai) Co Ltd	China	Ordinary shares	100%	100%	Charter broker
Air Charter Service Georgia Inc	USA	Ordinary shares	100%	100%	Charter broker
Air Charter Service Trucking Inc	USA	Ordinary shares	100%	100%	Charter broker
ACS Air Charter Service (Canada) Passenger 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
Held by Air Charter Service LLC: Air Charter Service Kazakhstan LLP	Kazakhstan	Ordinary shares	75%	75%	Charter broker
Air Charter Service (Singapore) Pte Ltd	Singapore	Ordinary shares	100%	-	Charter broker
Air Charter Service Illinois Inc	USA	Ordinary shares	100%	-	Charter broker

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

ADDRESSES OF SUBSIDIARY UNDERTAKINGS:	
Air Charter Service Limited	171-185 Ewell Road, Surbiton, Surrey, UK
ACS Air Charter Service (Canada) Corp.	3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada
Air Charter Service GmbH	Lyoner Strasse 14, 60528 Frankfurt am Main, Germany
ACS Afretamento Aereo Ltda	411, 5th Floor, Sala 13, Vila Olympia, Sao Paulo, Brazil
Kingston Aviation Holdings Limited	171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service LLC	121609 Krylatskie Kholmy St. 5, Building 1, Moscow, Russia
Air Charter Service Inc	1055 RXR Plaza, Uniondale, New York, NY 11556, USA
Air Charter Service California Inc	11150 Santa Monica Blvd, Los Angeles, CA 90025, USA
Air Charter Service FZCO	DAFZA West Wing Building 4WB/241, Dubai, UAE
Air Charter Service (HK) Ltd	25 The Cameron, 33 Cameron Rd, Kowloon, Hong Kong
Air Global Business Services (Beijing) Co. Ltd	Room 2005, Jian Wai Soho 39, Chao Yang, Beijing, China
ACS España Servicios de Charter Aéreo SLU	Calle Pedro, Teixeira 8, Planta 8, Madrid, 28020, Spain
Aircraft Chartering Services SAS	82 Rue Beaubourg, Paris, 75003, France
ACS Air Charter (Pty) Limited	7 Aldbury Park, Hyde Park 2196, Johannesburg, South Africa
ACS Air Charter Service India Private Ltd	Notan Heights, 10th Floor, 20 Guru Nanak Road, Mumbai, India
Air Charter Service (ACS) Switzerland SA	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 13, Citigroup Building, 2 Park Street, NSW 2000, Australia
Air Charter Service Transport Ltd	171-185 Ewell Road, Surbiton, Surrey, UK
ACS Air Charter Service International Ltd	4th Floor Harmony Court, Harmony Rd, Dublin 2, Ireland
Air Charter Service Trustee Company Ltd	171-185 Ewell Road, Surbiton, Surrey, UK
Air Courier Service Limited	171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service Kazakhstan LLP	17A, Fonvizin Street, Almaty, 050051, Kazakhstan
Air Charter Service North Carolina Inc	160 Mine Lake Court, Suite 200, Raleigh, Wake County, North Carolina, 27615 USA
Air Globe Business Services (Shanghai) Co Ltd	Room 5008-5009, No.355 Hong Qiao Road, Xu Hui District, Shanghai, China
Air Charter Service Trucking Inc	1055 RXR Plaza, Uniondale, New York, 11556, USA
Air Charter Service Georgia Inc	1170 Peachtree Street, Suite 1200, Atlanta, GA 30309, USA
ACS Air Charter Service (Canada) Passenger Corp	3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada
Air Charter Service (Singapore) Pte Ltd	38 Beach Road, Singapore, 189767
Air Charter Service Illinois Inc	200 S Wacker, Suite 3100, Chicago, IL 60606, USA

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 (2020: £453,000) and a provision against loans due from subsidiaries of £1,004,000 (2020: £1,050,000). 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	19,184	10,590	-	-
Amounts owed by Parent undertakings	5,990	4,047	-	-
Amounts owed by subsidiaries	-	-	10,804	1,172
Other debtors	2,726	1,313	-	-
Prepayments	13,445	9,397	-	-
Actual income	536	398	-	-
	<b>41,881</b>	<b>25,745</b>	<b>10,804</b>	<b>1,172</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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	11,031	8,545	-	-
Amounts owed to Parent undertakings	-	347	-	170
Amounts owed to subsidiaries	-	-	17,621	6,562
Other taxation and social security	697	492	-	-
Actuals	14,526	4,943	-	-
Deferred income	26,308	25,065	-	-
Other creditors	465	618	-	-
	<b>53,027</b>	<b>40,010</b>	<b>17,621</b>	<b>6,732</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.

**15. PROVISIONS**

NON-CURRENT LIABILITIES		Total £'000
<b>CURRENT YEAR:</b>		
At 1 February 2020		268
Increase		-
<b>At 31 January 2021</b>		<b>268</b>
<b>PRIOR YEAR:</b>		
At 1 February 2019		199
Increase		69
<b>At 31 January 2020</b>		<b>268</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### Capital management

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

#### Fair value of financial instruments

	2021 Carrying amount £'000	2021 Fair value £'000	2020 Carrying amount £'000	2020 Fair value £'000
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	29,461	29,461	19,948	19,948
Trade and other receivables	41,881	41,881	25,745	25,745
	<b>71,342</b>	<b>71,342</b>	<b>45,693</b>	<b>45,693</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other payables	53,027	53,027	40,010	40,010
Provisions	268	268	268	268
	<b>53,295</b>	<b>53,295</b>	<b>40,278</b>	<b>40,278</b>

#### 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)

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

#### Credit Risk (continued)

	2021 £'000	2020 £'000
More than 60 days past due	345	248
Between 30 and 60 days past due	516	202
Less than 30 days past due	784	530
Due after the balance sheet date	17,539	9,610
	<b>19,184</b>	<b>10,590</b>

All 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	2021	2021 Contractual cash flows		
	Carrying amount £'000	1 year or less £'000	2 to <5 years £'000	5 years and over £'000
NON DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	53,027	53,027	-	-
Lease liabilities	12,108	3,254	7,890	2,355
Provisions	268	-	268	-
	65,403	56,281	8,158	2,355
PRIOR YEAR	2020	2020 Contractual cash flows		
	Carrying amount £'000	1 year or less £'000	2 to <5 years £'000	5 years and over £'000
NON DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	40,010	40,010	-	-
Lease liabilities	13,837	3,245	7,249	5,824
Provisions	268	-	-	268
	54,115	43,255	7,249	6,092

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

#### Foreign currency risk

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

CURRENCY	2021 Local ('000)	2021 Closing rate	2021 GBP (£'000)	2020 Local ('000)	2020 Closing rate	2020 GBP (£'000)
US Dollars	15,460	1.37	11,285	9,635	1.31	7,355
Euros	5,226	1.13	4,625	6,361	1.19	5,345
GB Pounds Sterling	8,369	1.00	8,369	2,806	1.00	2,806
Other various			5,182			4,442
			<b>29,461</b>			<b>19,948</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:

	2021 Closing rate	2021 Adjusted rate	2021 Effect (£'000)	2020 Closing rate	2020 Adjusted rate	2020 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.37	1.51	(1,026)	1.31	1.45	(669)
Euro	1.19	1.24	(420)	1.19	1.31	(486)
Sterling weakens by 10%						
US Dollar	1.37	1.23	1,254	1.31	1.18	817
Euro	1.13	1.02	514	1.19	1.07	594

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17. SHORT TERM TRADE LOAN

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

### 18. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:		2021	2020
		£'000	£'000
100,000,000 (2020: 100,000,000) Ordinary shares of £0.01 each		1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:		No.	2021	No.	2020
			£'000		£'000
Ordinary shares of £0.01 each		23,602,092	236	23,602,092	236

### 19. IFRS 16 LEASE LIABILITIES

	Group
	£'000

#### Non current assets

At 1 February 2020	13,364
Additions	1,226
Depreciation	(3,111)
Translation differences	(209)
<b>At 31 January 2021</b>	<b>11,270</b>

#### Lease liabilities

At 1 February 2020	13,837
Additions	1,226
Interest	633
Lease payments	(3,342)
Translation differences	(246)
<b>At 31 January 2021</b>	<b>12,108</b>

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

Current	3,254
Non-current	8,854
<b>Total</b>	<b>12,108</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCE COSTS

	2021 £'000	2020 £'000
Bank interest and trade loan charges	109	97
Lease interest	633	569
	<b>742</b>	<b>666</b>

### 21. OWN SHARES

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

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options granted by, or intended to be granted by, the Group to its employees. The trust is not intended to sell shares to employees and no sales of shares were made to employees in the period, other than to satisfy the exercise of options. During the year, no Ordinary shares were purchased from existing employee shareholders. At 31 January 2021, 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 (2020: £48k) represents residual cash held within the trust.

### 22. RELATED PARTY TRANSACTIONS

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

	2021 £'000	2020 £'000
Amounts owed to Parent undertakings	-	(5)
Amounts due from Parent undertakings	5,990	4,047

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 £31.3 million during the year from its subsidiary companies (2020: £2.7 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 £103,000 for the rental of properties owned by Jectus Properties Ltd (2020: £94,000). The group charged Mr C Leach £15,000 in respect of aircraft charters (2020: £104,000).

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