

Company Registration No. 07917773 (England and Wales)

G650 LEASING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PAGES FOR FILING WITH REGISTRAR

G650 LEASING LIMITED

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G650 LEASING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | | 2020 | | 2019 | |
|--|---|----------------------------|---|----------------------------|---|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 4 | 59,382,108 | | 78,226,123 | |
| Current assets | | | | | |
| Debtors | 5 | 2,240,152 | | 2,135,870 | |
| Cash at bank and in hand | | 3,265,094 | | 3,371,790 | |
| | | <u>5,505,246</u> | | <u>5,507,660</u> | |
| Creditors: amounts falling due within one year | 6 | <u>(63,350,650)</u> | | <u>(56,960,553)</u> | |
| Net current liabilities | | <u>(57,845,404)</u> | | <u>(51,452,893)</u> | |
| Total assets less current liabilities | | 1,536,704 | | 26,773,230 | |
| Creditors: amounts falling due after more than one year | 7 | <u>(39,367,341)</u> | | <u>(47,659,189)</u> | |
| Net liabilities | | <u><u>(37,830,637)</u></u> | | <u><u>(20,885,959)</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 8 | 1 | | 1 | |
| Profit and loss reserves | | <u>(37,830,638)</u> | | <u>(20,885,960)</u> | |
| Total equity | | <u><u>(37,830,637)</u></u> | | <u><u>(20,885,959)</u></u> | |

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and signed by the director and authorised for issue on 22 September 2021

P F G Amandini
Director

Company Registration No. 07917773

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

G650 Leasing Limited is a private company limited by shares incorporated in England and Wales. The registered office is No. 1 London Bridge, London, SE1 9BG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continued support from its parent undertaking and bankers. The director has received assurances from the partners of the parent undertaking that funding is in place to support the UK company and will only call upon its debt when the company is in a position to repay it. The ongoing coronavirus pandemic has had a significant impact on the company in terms of results and the fair value of the aircrafts. This resulted in an exceptional impairment of £15.5m in the carrying value of the assets. However, continued support of the company's bankers and parent undertaking seems assured. Thus the going concern basis has been adopted in preparing the financial statements for the year ended 31 December 2020.

1.3 Turnover

Turnover represents amounts receivable for services. Charter rental income is recognised when the service is provided and the aircraft is available for use, and on the raising of invoices with related undertakings. A charter rental loss, which arises when income derived from flights are less than the operating costs for an accounting period, are reflected under cost of sales.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------|-----------------------|
| Aircrafts | On cost over 25 years |
|-----------|-----------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company 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. An impairment loss is recognised immediately in the profit and loss account unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where 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 immediately in the profit and loss account unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities including bank loans, loans from fellow group companies and loans from the parent undertaking, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period. Non monetary assets are not retranslated at each period end.

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2020 Number | 2019 Number |
|-------|----------------|----------------|
| Total | - | - |

3 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Fees payable to the company's auditor for the audit of the company's financial statements | 8,000 | 8,000 |

4 Tangible fixed assets

| | Aircrafts £ |
|--|----------------|
| Cost | |
| At 1 January 2020 and 31 December 2020 | 87,497,109 |
| Depreciation and impairment | |
| At 1 January 2020 | 9,270,986 |
| Depreciation charged in the year | 3,339,884 |
| Impairment losses | 15,504,131 |
| At 31 December 2020 | 28,115,001 |
| Carrying amount | |
| At 31 December 2020 | 59,382,108 |
| At 31 December 2019 | 78,226,123 |

5 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Other debtors | 2,240,152 | 2,135,870 |

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Obligations under finance leases | 5,240,188 | 4,972,011 |
| Amounts owed to group undertakings | 57,691,491 | 51,333,244 |
| Other creditors | 406,971 | 643,298 |
| Accruals and deferred income | 12,000 | 12,000 |
| | <u>63,350,650</u> | <u>56,960,553</u> |

7 Creditors: amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|--------------------------------------|-------------------|-------------------|
| Net obligations under finance leases | <u>39,367,341</u> | <u>47,659,189</u> |

A secured debt amounting to £44,607,530 (2019: £52,631,200) is included within creditors.

There is a fixed legal charge over the leased aircrafts and the credit balances held with the bank in favour of Credit Suisse.

8 Called up share capital

| | 2020 Number | 2019 Number | 2020 £ | 2019 £ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary of £1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Howard Woolf FCA and the auditor was Gerald Edelman.

10 Contingent liabilities

The company has provided a cross guarantee under its lease agreements with Credit Suisse to fulfil certain obligations should there be a default by one of its fellow UK subsidiary undertakings.

G650 LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Related party disclosures

At the year end, an amount of £57,691,491 (2019: £51,333,244) was due to Fouad Alghanim and Sons General Trading and Contracting Company W.L.L.. At present, this amount is provided unsecured, interest free and there are no fixed terms for repayment.

Mr F Alghanim has provided a personal guarantee to meet any shortfall in financial obligations under the lease agreements with the company's bankers, on behalf of this company.

During the year, a net charter rental income of £29,172 (2019: £863,681) was generated by Gain Jet Ireland Limited, a company registered in Ireland. This related to the operation of the aircrafts.

During the year, a net charter rental income of £661,238 (2019: £nil) was generated by Gainjet Aviation S.A., a company registered in Greece. This related to the operation of one of the aircrafts.

At the year end, an amount of £1,474,228 (2019: £984,098) was due from Gainjet Aviation S.A.. Additionally, an amount of £189,514 (2019: £414,389) was due to Gain Jet Ireland Limited. During the year, commission of £226,545 (2019: £nil) and £144,199 (2019: £497,240) at 6% on gross sales was charged by Gainjet Aviation S.A. and Gain Jet Ireland Limited respectively for chartering the aircrafts. Mr F Alghanim has an influence on both entities.

At the year end, an amount of £217,456 (2019: £228,907) was due to G550 Leasing Limited, a fellow subsidiary company of Fouad Alghanim and Sons General Trading and Contracting Company W.L.L.. The amount is provided interest free and is effectively repayable on demand.

During the year, Howard Kennedy LLP charged legal fees of £26,164 (2019: £8,848) for services provided. P Amandini is a partner in this legal practice.

12 Parent company

The immediate and ultimate parent undertaking is Fouad Alghanim and Sons General Trading and Contracting Company W.L.L., an entity registered in Kuwait.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.