

DRAGONFLY 2012 LLP
(formerly Dragonfly Aviation Services LLP)

Report and Financial Statements

31 March 2013

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REPORT AND FINANCIAL STATEMENTS 2013

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MEMBERS' REPORT

The members present their report and the unaudited financial statements for the year ended 31 March 2013

The financial statements have been prepared in accordance with the special provisions in section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs

The partnership is registered as a Limited Liability Partnership in the United Kingdom, Companies House registration number OC307484. The financial statements are the statutory financial statements of the LLP and reflect the results for the year ended 31 March 2013

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of Dragonfly 2012 LLP is that of aircraft charter for business and private use

The partnership changed its name from Dragonfly Aviation Services LLP to Dragonfly 2012 LLP on 2 November 2012

On 2 November 2012, the members of Dragonfly 2012 LLP transferred the business and assets of the partnership to Dragonfly Aviation Services Limited. The members are also the directors and shareholders of Dragonfly Aviation Services Limited. On 2 November 2012 the members of Dragonfly 2012 LLP novated the loan of £1,080,000 due from Dragonfly Aviation Services Limited to Howard Palser.

The balance sheet on page 5 shows that the partnership's financial position at the period-end has reduced net assets attributable to members to nil (31 March 2012 – increased £178,368)

GOING CONCERN

The partners have considered the use of the going concern basis in the preparation of the financial statements. As the business and all assets and liabilities were purchased by Dragonfly Aviation Services Limited on 2 November 2012, the partners have concluded that a basis other than that of a going concern is appropriate. More information is provided in note 1 of the financial statements.

MEMBERS

The members, who served throughout the financial year, are as follows

H Palser – Designated Member

N Palser

REGISTERED OFFICE

The White Buildings
Cardiff International Airport
Rhoose
Vale of Glamorgan
CF62 3BD

WEBSITE

www.dragonflyac.com

MEMBERS' REPORT (continued)

TRANSACTIONS WITH MEMBERS

The members participate in the firm's profits or losses, share risks and subscribe capital under the terms laid out in the Partnership Agreement

Profits or losses are allocated between the members by agreement and in default in specified proportions, but so that allocated losses are to be debited to capital accounts and are not to reduce capital account balances below zero, and no member is to be obliged to replenish his/her capital account or to contribute to the loss. The balance of members' capital at 31 March 2013 amounted to nil. The balance of members' capital at 31 March 2012 of £306,337 restricted the loss available to members.

No contracts of employment exist or are implied. The members share risks in agreed proportion and are self-employed.

The firm's drawings policy allows members to draw funds as required by them having regard to the cash requirements of the business. Tax liabilities are the responsibility of individual members.

Members' capital subscription is decided upon by the members as required. Any excess of drawings over profit allocation is required to be repaid or future drawings reduced to regularise matters.

Approved and signed on behalf of the Members


H Palser

Date 20th January 2014

CHARTERED ACCOUNTANTS' REPORT TO MEMBERS ON THE UNAUDITED FINANCIAL INFORMATION OF DRAGONFLY 2012 LLP

In accordance with the engagement letter dated 6 December 2013, we have prepared for your approval the financial information of Dragonfly 2012 LLP for the year, which comprises the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and, where relevant, the related notes 1 to 12 from the entity's accounting records and from information and explanations you have given us

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/membershandbook

This report is made solely to you, in accordance with the terms of our engagement letter dated 6 December 2013. Our work has been undertaken solely to prepare for your approval the financial information of Dragonfly 2012 LLP and state those matters that we have agreed to state to you in this report in accordance with the guidance of ICAEW as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than members for our work or for this report.

You have approved the financial information for the year and have acknowledged your responsibility for it, for the appropriateness of the financial reporting framework adopted and for providing all information and explanations necessary for its compilation.

We have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial information.

Deloitte LLP

Deloitte LLP
Chartered Accountants
Cardiff, United Kingdom

Date *23 January 2014*

DRAGONFLY 2012 LLP

PROFIT AND LOSS ACCOUNT **Year ended 31 March 2013**

	Note	2013 £	2012 £
TURNOVER	2	984,445	1,396,373
Cost of sales		(832,617)	(1,238,614)
GROSS PROFIT		151,828	157,759
Administrative expenses		(99,522)	(148,823)
Other operating income		-	1,461
OPERATING PROFIT	4	52,306	10,397
Exceptional item – gain on sale of discontinued operations	5	635,818	-
Interest payable and similar charges		(38,051)	(57,857)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE AVAILABLE FOR DISCRETIONARY DIVISION AMONGST THE MEMBERS	11	650,073	(47,460)

All amounts derive from discontinuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 March 2013**

	2013 £	2012 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE AVAILABLE FOR DIVISION AMONGST THE MEMBERS	650,073	(47,460)
Gain recognised on disposal of revalued aircraft	129,220	-
Total recognised gains/(losses) relating to the year	779,293	(47,460)

DRAGONFLY 2012 LLP**BALANCE SHEET
As at 31 March 2013**

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	-	1,889,631
CURRENT ASSETS			
Debtors	8	-	283,691
Cash at bank and in hand		-	34,765
		-	318,456
CREDITORS: amounts falling due within one year	9	-	(377,292)
NET CURRENT LIABILITIES		-	(58,836)
TOTAL ASSETS LESS CURRENT LIABILITIES		-	1,830,795
CREDITORS: amounts falling due after more than one year	10	-	(1,524,458)
NET ASSETS ATTRIBUTABLE TO MEMBERS		-	306,337
REPRESENTED BY:			
Members' interests	11	-	306,337

For the year ended 31 March 2013, the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs

The members acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs' regime

The financial statements of Dragonfly 2012 LLP, registered number OC307484, have been approved by the members in general meeting and are signed on their behalf as authority to submit them to HM Revenue & Customs



H Palser – Designated Member

Authorised for issue on

20th January 2014

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including the Statement of Recommended Practice on Accounting by Limited Liability Partnerships. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The partners consider the results for the financial period to be satisfactory. The partnership has recorded a profit available for distribution amongst the members of £14,255 excluding the exceptional item for the year and has net current assets of £nil at 31 March 2013 (2012 – net current liabilities of £58,836). The partners have assessed the balance sheet of Dragonfly 2012 LLP at the date of approving the financial statements.

For the discontinuing operations the partnership met its day-to-day working capital requirements from an overdraft facility to the extent that outgoings were not covered by fee income. Additional capital was contributed by the partners or, where appropriate, by the release of funds available from the hire purchase agreements relating to the partnership's aircraft. The business and all assets and liabilities of the partnership were purchased by Dragonfly Aviation Services Limited on 2 November 2012. The partners have concluded that a basis other than that of a going concern is appropriate. The partners have assessed the value of assets and liabilities at 2 November 2012 and a surplus in the net book value of aircraft has been recorded.

Cash flow statement

Under Financial Reporting Standard 1, the Limited Liability Partnership is not required to prepare a cash flow statement as it qualifies as a small limited liability partnership.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset by instalments reflecting the actual utilisation of the asset over its estimated useful life. The rates of depreciation are as follows:

Aircraft	-	5% -20% per annum
Fixtures, fittings and equipment	-	25% per annum
Motor vehicle	-	15% per annum

A substantial element of the value of an aircraft is related to the life remaining on its engines before their overhaul or replacement is required. The time remaining before overhaul (TBO) is known, and the proportion of the value of the aircraft attributable to the remaining life of its engines is amortised over the known TBO. Other costs incurred which provide enhancement of the aircraft's value are capitalised and amortised over the length of the period for which the benefit of the enhancement subsists.

Taxation

Any taxation payable on profits is the personal liability of the members. No provisions are made in these financial statements for any amounts payable either on a current year basis or a deferred tax basis.

Revenue recognition

Revenue is recognised as the invoiced value of services provided, based on hours chartered.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

1. ACCOUNTING POLICIES (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Differences arising on the translation of foreign currencies are included in the profit and loss account.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. TURNOVER

Turnover represents the invoiced value of services provided by the partnership, net of value added tax and adjusted for work in progress. Turnover, which arises wholly in the United Kingdom, is attributable to the principal activity of the partnership.

3. INFORMATION REGARDING MEMBERS AND EMPLOYEES

The members received no remuneration from the partnership in the current or the prior financial year.

	2013	2012
	No.	No.
Average number of persons employed during the year		
Operations	6	6
Administration	2	2
	<u>8</u>	<u>8</u>
	£	£
Staff costs incurred during the year in respect of these employees		
Wages and salaries	98,935	164,328
Social security costs	10,749	16,206
	<u>109,684</u>	<u>180,534</u>

4. OPERATING PROFIT

	2013	2012
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets	80,310	138,950
Loss on foreign exchange	178	3,649
	<u>80,488</u>	<u>142,599</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

5. EXCEPTIONAL ITEM

	2013 £	2012 £
Gain on sale of discontinued operations	635,818	-

Discontinued operations relate to the transfer of the business and all assets and liabilities to Dragonfly Aviation Services Limited on 2 November 2012 as stated in the Members' Report

6. MEMBERS' SHARES OF PROFITS OR LOSSES

Profits and losses are shared among the members in accordance with agreed profit or loss-sharing arrangements. Members are responsible for their own taxation liabilities.

	2013 No.	2012 No.
Average number of members	2	2

7. TANGIBLE FIXED ASSETS

	Aircraft £	Fixtures, fittings and equipment £	Motor vehicle £	Total £
Cost				
At 1 April 2012	2,709,214	41,376	29,000	2,779,590
Additions	-	575	-	575
Revaluation	129,220	-	-	129,220
Transfer to Dragonfly Aviation Services Limited	(2,838,434)	(41,951)	(29,000)	(2,909,385)
At 31 March 2013	-	-	-	-
Depreciation				
At 1 April 2012	835,866	34,880	19,213	889,959
Charge for the year	76,390	1,382	2,538	80,310
Transfer to Dragonfly Aviation Services Limited	(912,256)	(36,262)	(21,751)	(970,269)
At 31 March 2013	-	-	-	-
Net book value				
At 31 March 2013	-	-	-	-
At 31 March 2012	1,873,348	6,496	9,787	1,889,631

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

8 DEBTORS

	2013 £	2012 £
Trade debtors	-	35,979
Dragonfly Aviation Services Limited	-	-
Other taxation and social security	-	2,853
Prepayments and accrued income	-	244,859
	<u>-</u>	<u>283,691</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Obligations under finance leases and hire purchase contracts	-	234,000
Trade creditors	-	59,372
Other taxation and social security	-	3,986
Other creditors	-	23,483
Accruals and deferred income	-	56,451
	<u>-</u>	<u>377,292</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Obligations under finance leases and hire purchase contracts	-	1,524,458
The maturity of the above amounts is as follows		
Between one and two years	-	234,000
Between two and five years	-	1,524,458
	<u>-</u>	<u>1,758,458</u>

The partnership's aircraft are subject to mortgage agreements for which H Palser has provided personal guarantees for the full outstanding balances totalling £nil at 31 March 2013 (2012 - £1,758,458). The mortgage agreements are secured against the aircraft and are repayable over five years. These arrangements were transferred to Dragonfly Aviation Services Limited on 2 November 2012.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

11. RECONCILIATION OF TOTAL MEMBERS' INTERESTS

	<u>Members' other interests</u>		Total members' interests £
	Members' capital £	Other reserves £	
At 1 April 2012	306,337	-	306,337
Profit for year available for discretionary division among members	-	650,073	650,073
Allocated profit	650,073	(650,073)	-
Members' interests after profit for the year	956,410	-	956,410
Surplus arising on revaluation of aircraft	-	129,220	129,220
Surplus recognised on disposal of revalued aircraft	129,220	(129,220)	-
Drawings	(5,630)	-	(5,630)
Novation of loan due from Dragonfly Aviation Services Limited	(1,080,000)	-	(1,080,000)
At 31 March 2013	-	-	-

The profits and losses of the partnership are allocated as agreed between the members within six months from the date of the financial statements and in default in specified proportions, allocated losses are to be debited to capital accounts and are not to reduce capital account balances below zero, neither member is obliged to replenish his/her capital account or to contribute to the loss

Members' other interests rank after unsecured creditors. Any loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up

12. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is H Palser