Company registered number: 04028491

AIR CHARTER SERVICE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31 JANUARY 2019

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

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 good set of results for the year, with gross transaction value up 7% on last year to £508m. The Board continues to pursue a number of strategies, all directed at our overall goal – to become the leading air charter company in the world.

We operate in the private jet market, cargo charter market and are also involved in the charter of large passenger airliners. These areas of endeavour are supported with ancillary services for our customers with travel and concierge services, courier accompanied shipments, and group travel bookings respectively. These activities help to serve our customers' needs in a slightly broader way. Being a customer led business has we believe contributed to these figures.

Our passenger business showed steady growth, with gross transaction value of our Private Jets department up 11% and our Commercial Jets up 8%. Our Cargo division gross transaction value increased 2% despite the group being involved in a number of large projects during the previous year.

Our EBITDA profit of £13.4m (excluding foreign exchange) was broadly in line with last year, as the group accelerated its investment in staff, marketing and technology development, positioning the business well for longer term growth.

The group retains a strong balance sheet - our cash position at the year end was just over £17m, including £4m from our Jetcard products which we hold in separate bank accounts on behalf of our clients.

Christopher Leach
Chairman

26th July 2019.

STRATEGIC REPORT

BUSINESS REVIEW

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 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 10 of these financial statements and a review can be found in the Chairman's statement.

The Group's financial and non-financial KPIs were as follows:

	2019	2018
Gross profit	£63.1m	£57.3m
EBITDA (excluding foreign exchange differences)	£13.4m	£13.4m
Charter flights	13,010	12,927

Reconciliation to operating profit is as follows:

	2019 £'m	2018 £'m
Operating profit	11.7	11.2
Depreciation & Amortisation	1.6	1.4
Foreign exchange	0.1	0.8
EBITDA (excluding foreign exchange differences)	13.4	13.4

EBITDA (excluding foreign exchange) 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.

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.

With regards to Brexit, there remains uncertainty over the outcome and implications for the Aviation sector. Whilst a withdrawal from the EU could present additional administrative challenges to UK airlines, the Group is well diversified geographically which helps to mitigate such risk. The board has taken external advice regarding the potential implications for the group and continues to monitor the issues on an ongoing basis.

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.

There have been no significant events since the end of the financial year.

Approved by the Board of Directors on 26th July 2019.

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 2019.

RESULTS AND DIVIDENDS

Profit after taxation for the period was £10.2 million (2018: £9.4 million) and dividends paid during the year were £10.5 million (2018: £7.8 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

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at date of approval of this report confirm that in so far as the directors are each aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

AUDITOR

KPMG LLP was re-appointed as auditor during this period and have expressed their willingness to continue in office and a resolution approving the re-appointment of them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 26th July 2019.

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 Annual Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 their 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, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

KPMG

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 2019 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 Cashflows, Company Statement of Cashflows 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 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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.

THE IMPACT OF UNCERTAINTIES DUE TO THE UK EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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;

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

STRATEGIC REPORT AND DIRECTORS' REPORT (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

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

26 July 2019

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

GROUP	Note	2019 £'000	2018 £'000 (Restated - note 24)
Gross transaction value		**507,717**	**475,527**
Revenue	2	68,636	62,586
Cost of sales		(5,497)	(5,262)
Gross profit		**63,139**	**57,324**
Administrative expenses		(51,423)	(46,088)
Operating profit	3	**11,716**	**11,236**
Finance income		39	14
Finance costs		(91)	(112)
Profit before tax		**11,664**	**11,138**
Tax	6	(1,468)	(1,761)
Profit for the year		**10,196**	**9,377**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(57)	(191)
Total comprehensive income for the year		**10,139**	**9,186**
Profit for the year attributable to:			
Equity holders of the parent		10,093	9,336
Non-Controlling Interests		103	41
		10,196	**9,377**
Total comprehensive income for the year attributable to:			
Equity holders of the parent		10,055	9,165
Non-Controlling Interests		84	21
		10,139	**9,186**

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

The accompanying notes on pages 17 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP		Note	2019 £'000	2018 £'000 (Restated - note 24)
ASSETS	Non-current assets			
	Property, plant and equipment	10	2,192	2,135
	Intangible assets and goodwill	11	1,960	1,092
	Deferred tax asset	7	430	417
	Total non-current assets		**4,582**	**3,644**
	Current assets			
	Trade and other receivables	13	24,638	21,011
	Current tax asset		736	425
	Cash and cash equivalents	8	17,420	20,481
	Total current assets		**42,794**	**41,917**
	Total assets		47,376	45,561
LIABILITIES	Non-current liabilities			
	Deferred tax liability	7	(157)	(83)
	Provisions	15	(199)	(199)
	Total non current liabilities		**(356)**	**(282)**
	Current liabilities			
	Trade and other payables	14	(34,714)	(31,911)
	Current tax liabilities		(551)	(674)
	Provisions	15	-	(598)
	Total current liabilities		**(35,265)**	**(33,183)**
	Total liabilities		(35,621)	(33,465)
	NET ASSETS		11,755	12,196
EQUITY	Called up share capital	19	236	236
	Share premium account		290	290
	Translation reserve		(265)	(227)
	Retained earnings		11,296	11,683
	Attributable to equity holders of the parent		11,557	11,982
	Non-Controlling Interest		198	114
	TOTAL EQUITY		11,755	12,096

The accompanying notes on pages 17 to 38 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 26th July 2019.

Signed on behalf of the Board by:

Stewart Pitt

Stewart Pitt Company registration number: 04028491

COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY	Note	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	3,190	3,136
Current assets			
Trade and other receivables	13	273	3,456
Cash and cash equivalents		4	4
Total assets		**3,467**	**6,596**
LIABILITIES			
Current liabilities			
Trade and other payables	14	(2,507)	(2,158)
Total liabilities		(2,507)	(2,158)
NET ASSETS		**960**	**4,438**
EQUITY			
Called up share capital	19	236	236
Share premium account		290	290
Own shares	20	(48)	(48)
Retained earnings		482	3,960
TOTAL EQUITY		**960**	**4,438**

The accompanying notes on pages 17 to 38 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 26th July 2019.

Signed on behalf of the Board by:

Stewart Pitt

Company registration number: 04028491

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
CURRENT YEAR							
At 1 February 2018	236	290	(227)	11,683	11,982	114	12,096
Total comprehensive income:							
Profit for the year	-	-	-	10,093	10,093	103	10,196
Other comprehensive income	-	-	(38)	-	(38)	(19)	(57)
Total comprehensive income	-	-	(38)	10,093	10,055	84	10,139
Transactions with owners:							
Dividends paid	-	-	-	(10,480)	(10,480)	-	(10,480)
Total transactions with owners	-	-	-	(10,480)	(10,480)	-	(10,480)
At 31 January 2019	236	290	(265)	11,296	11,557	198	11,755
PRIOR YEAR							
At 1 February 2017	236	290	(56)	10,098	10,568	120	10,688
Total comprehensive income:							
Profit for the year	-	-	-	9,336	9,336	41	9,377
Other comprehensive income	-	-	(171)	-	(171)	(20)	(191)
Total comprehensive income	-	-	(171)	9,336	9,165	21	9,186
Transactions with owners:							
Dividends paid	-	-	-	(7,751)	(7,751)	-	(7,751)
Purchase of shares (Non controlling interest)	-	-	-	-	-	(27)	(27)
Total transactions with owners	-	-	-	(7,751)	(7,751)	(27)	(7,778)
At 31 January 2018	236	290	(227)	11,683	11,982	114	12,096

The accompanying notes on pages 17 to 38 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

GROUP	Called up Share Capital £'000	Share Premium Account £'000	Own Shares £'000	Retained Earnings £'000	Total Equity £'000
CURRENT YEAR					
At 1 February 2018	236	290	(48)	3,960	4,438
Total comprehensive income:					
Profit for the year	-	-	-	7,002	7,002
Total comprehensive income	-	-	-	7,002	7,002
Transactions with owners:					
Dividends paid	-	-	-	(10,480)	(10,480)
Total transactions with owners	-	-	-	(10,480)	(10,480)
At 31 January 2019	236	290	(48)	482	960
PRIOR YEAR					
At 1 February 2017	236	290	(48)	3,019	3,497
Total comprehensive income:					
Profit for the year	-	-	-	8,692	8,692
Total comprehensive income	-	-	-	8,692	8,692
Transactions with owners:					
Dividends paid	-	-	-	(7,751)	(7,751)
Total transactions with owners	-	-	-	(7,751)	(7,751)
At 31 January 2018	236	290	(48)	3,960	4,438

The accompanying notes on pages 17 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2019 £'000	2018 £'000
RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS		
Profit for the year	10,196	9,377
Taxation	1,468	1,761
Financial income	(39)	(14)
Financial costs	91	112
Depreciation and amortisation	1,583	1,430
Profit on disposal of property, plant & equipment	-	(26)
Foreign exchange translation difference	(57)	(191)
Operating cash flows before movements in working capital	**13,242**	**12,449**
(Increase) / Decrease in receivables	(3,627)	6,778
Increase in payables	2,803	556
(Decrease) / Increase in provisions	(598)	598
Cash generated from operations	**11,820**	**20,381**
Tax paid	(1,841)	(1,749)
Net cash generated from operating activities	**9,979**	**18,632**
INVESTING ACTIVITIES		
Interest received	39	13
Proceeds on sale of plant, property and equipment	-	29
Purchases of plant, property and equipment	(1,191)	(676)
Acquisition of subsidiary undertakings	-	(233)
Purchases of intangibles	(1,317)	(680)
Net cash used in investing activities	**(2,469)**	**(1,547)**
FINANCING ACTIVITIES		
Trade loan (repayments) / proceeds	-	(2,126)
Interest paid	(91)	(112)
Net proceeds from shares issued	-	21
Dividends paid	(10,480)	(7,751)
Net cash used in financing activities	**(10,571)**	**(9,968)**
Net increase in cash and cash equivalents	**(3,061)**	**7,117**
Cash and cash equivalents at the beginning of the year	20,481	13,364
Cash and cash equivalents at the end of the year	**17,420**	**20,481**

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 17 to 38 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

COMPANY	2019 £'000	2018 £'000
Profit for the year	7,002	8,692
Tax charge	-	-
Investment provision	152	-
Decrease / (Increase) in receivables	3,183	(1,005)
Increase in payables	349	317
Cash used from operations	**10,686**	**8,004**
Tax paid	-	-
Net cash used operating activities	**10,686**	**8,004**
INVESTING ACTIVITIES		
Investment in subsidiaries	(206)	(249)
Disposal proceeds	-	-
Net cash from investing activities	**(206)**	**(249)**
FINANCING ACTIVITIES		
Dividends paid	(10,480)	(7,751)
Net cash used in financing activities	**(10,480)**	**(7,751)**
Net decrease in cash and cash equivalents	**-**	**4**
Cash and cash equivalents at the beginning of the year	4	-
Cash and cash equivalents at the end of the year	**4**	**4**

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 17 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

Air Charter Service Group Limited is an unlisted limited company incorporated and registered in England. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as interpreted by any regulatory bodies applicable to the company as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. 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 £7.0m (2018: £8.7m profit).

Going concern

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.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2019. 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 2019 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. The group has adopted IFRS 15 (revenue from contracts with customers) resulting in a number of changes to comparative figures (explained in note 24) but no changes to the timing of revenue recognition. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL INSTRUMENTS (continued)

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 cash balances and call deposits. 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 de-recognition, 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL INSTRUMENTS (continued)

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

New standards

IFRS 16 Leases was issued in January 2016, and was endorsed by the EU in 2017. IFRS 16 replaces existing lease guidance including IAS 17 Leases. The standard is effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted, but has not been adopted in these financial statements. IFRS 16 addresses the definition of a lease, the recognition and the measurement of leases and it establishes principles for reporting useful information to the users of the financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees.

The Group has assessed the estimated impact that initial application of IFRS 16 will have, although the actual impact of adopting the standard from 1 February 2019 may change because new accounting policies are subject to change until the group presents its first statements after application. IFRS 16 introduces a single on balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing an obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value assets.

The new standard affects the Group in its activities as a lessee, principally for its various office operating lease rentals across the business. Previously, the Group recognised operating leases on a straight line basis over the term of the lease and recognised assets and liabilities only on timing differences between payment and expenses. Following adoption of IFRS 16, the Group will recognise non-current assets and liabilities in relation to operating leases which fall within the definition of leases, with a depreciation charge for the asset over the life of the lease and interest expenses on lease liabilities.

Based on information currently available, the Group estimates that it will recognise lease liabilities of £11 million as at 1 February 2019, with a corresponding figure of £11 million recognised as Assets in Use at the same date.

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:

	2019 £'000	2018 £'000
Europe	29,262	26,914
Americas	20,706	18,897
Rest of world	18,668	16,775
	68,636	62,586

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

Aircraft charter brokerage	60,312	55,720
On board courier services	8,224	6,792
Other travel services	100	74
	68,636	62,586

Contract assets and liabilities

	2019 £'000	2018 £'000
Trade receivables	12,961	10,577
Accrued income	752	428
Deferred income	(19,344)	(15,775)

Accrued income represents revenue recognised but not yet invoiced. The group does not recognise revenue for services to be invoiced to customers after a period of greater than 12 months, and so accrued income as of 31 January 2018 has been invoiced during the year. Deferred income represents the group's obligation to transfer goods or services to suppliers, for which the group has already received consideration from customers. The group does not receive any consideration in advance from customers greater than 12 months, hence the total deferred income balance as of 31 January 2018 has been recognised as revenue during the year.

3. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

	2019 £'000	2018 £'000
Staff costs (note 4)	32,740	28,248
(Profit) / Loss on disposal of property, plant & equipment	-	(26)
Depreciation of owned fixed assets	1,134	916
Amortisation of intangible assets	449	514
Operating lease costs	3,656	3,227
Foreign exchange losses / (gains)	130	791

Auditor's remuneration

Amounts paid to the auditors of the company:

	2019 £'000	2018 £'000
Audit of these financial statements	49	27
Audit of subsidiaries	116	111
Non audit services	35	52
	200	190
Audit fees paid to other audit firms	59	56

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:

	2019 No.	2018 No.
Sales	340	276
Non-sales	129	110
Total	469	386

The aggregate payroll costs of the above were:

	2019 £'000	2018 £'000
Wages and salaries	29,266	25,275
Social security costs	3,142	2,651
Other pension costs	332	322
	32,740	28,248

5. DIRECTORS' EMOLUMENTS

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

	2019 £'000	2018 £'000
Emoluments receivable	1,215	1,444
Company pension contributions	37	36
	1,252	1,480
Emoluments of highest paid director:		
Total emoluments	345	351
	345	351

	2019 No.	2018 No.
Number of directors who accrued benefits under a money purchase pension scheme:	5	8

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. TAXATION ON ORDINARY ACTIVITIES

The tax charge comprises:

	2019 £'000	2018 £'000
(a) Tax charge:		
In respect of the year:		
Current tax		
UK Corporation tax	-	-
Adjustment in respect of prior years	26	(33)
Foreign tax	1,381	2,131
Total current tax	**1,407**	**2,098**
Deferred tax		
Temporary timing differences	27	(337)
Adjustment in respect of prior years	34	-
Total deferred tax	**61**	**(337)**
Tax on profit on ordinary activities	1,468	1,761
(b) Reconciliation of tax charge to profit per income statement:		
Profit before taxation	11,665	11,138
Taxation at UK corporation tax rate of 19% (2018:19.2%)	2,216	2,134
Effects of:		
Group relief	(641)	(437)
Expenses not deductible	62	-
UK and overseas taxes at differing rates	(239)	205
Adjustment in respect of prior years - current tax	26	(33)
Adjustment in respect of prior years - deferred tax	34	-
Recognition of previously unrecognised tax losses	-	(107)
Utilisation of previously unrecognised tax losses	(59)	(59)
Tax losses not recognised	69	58
Total tax (note 6a)	1,468	1,761

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAXATION ON ORDINARY ACTIVITIES (continued)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was substantively enacted on 6 September 2016 to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future tax charge accordingly. The deferred tax assets & liabilities at the balance sheet date have been calculated based on a rate of 18%. There are unused tax losses carried forward within the Group of £0.8 million (2018: £1.0 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
Current Year			
At 1 February 2018	273	61	334
Credit / (charge) to the income statement	(180)	119	(61)
At 31 January 2019	**93**	**180**	**273**
Prior Year			
At 1 February 2017	-	(3)	(3)
Credit to the income statement	273	64	337
At 31 January 2018	**273**	**61**	**334**

(b) Deferred tax assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
Losses carried forward			
At 1 February 2018	273	-	273
Credit to the income statement	(180)	-	(180)
At 31 January 2019	**93**	**-**	**93**
Other timing differences			
At 1 February 2018	144	(83)	61
Credit / (charge) to the income statement	193	(74)	119
At 31 January 2019	**337**	**(157)**	**180**
Total			
At 1 February 2018	417	(83)	334
Credit to the income statement	13	(74)	(61)
At 31 January 2019	**430**	**(157)**	**273**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Restricted cash - Jetcard deposits	4,202	3,220
Restricted cash - other	540	-
Other cash and cash equivalents	12,678	17,261
	17,420	20,481

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 (under contract with customers) are not used in funding the Group's working capital requirements and are therefore designated 'restricted cash'.

9. DIVIDENDS

	2019 £'000	2018 £'000
Equity dividends on ordinary shares	10,480	7,751

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
Current Year					
Cost					
At 1 February 2018	2,816	1,360	192	2,985	7,353
Additions	329	266	-	596	1,191
Disposals	(45)	-	-	(175)	(220)
At 31 January 2019	3,100	1,626	192	3,406	8,324
Depreciation					
At 1 February 2018	1,536	1,012	144	2,526	5,218
Charge for the year	499	163	29	443	1,134
Disposals	(45)	-	-	(175)	(220)
At 31 January 2019	1,990	1,175	173	2,794	6,132
Net Book Value					
At 1 February 2018	1,280	348	48	459	2,135
At 31 January 2019	1,110	451	19	612	2,192
Prior Year					
Cost					
At 1 February 2017	2,535	1,356	289	3,524	7,704
Additions	281	114	-	281	676
Disposals	-	(110)	(97)	(820)	(1,027)
At 31 January 2018	2,816	1,360	192	2,985	7,353
Depreciation					
At 1 February 2017	1,138	979	191	3,021	5,329
Charge for the year	398	143	50	325	916
Disposals	-	(110)	(97)	(820)	(1,027)
At 31 January 2018	1,536	1,012	144	2,526	5,218
Net Book Value					
At 1 February 2017	1,397	377	98	503	2,375
At 31 January 2018	1,280	348	48	459	2,135

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
CURRENT YEAR:			
At 1 February 2018	907	185	1,092
Purchase	1,317	-	1,317
Amortisation	(449)	-	(449)
At 31 January 2019	**1,775**	**185**	**1,960**
PRIOR YEAR:			
At 1 February 2017	744	-	744
Purchase	680	185	865
Disposal	(3)	-	(3)
Amortisation	(514)	-	(514)
At 31 January 2018	**907**	**185**	**1,092**

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 subsiding acquired during the year, management did not identify any impairment.

12. INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary undertakings £'000
CURRENT YEAR:	
Cost and Net book value	
At 1 February 2018	3,136
Additions	206
Provision for impairment	(152)
At 31 January 2019	**3,190**
PRIOR YEAR:	
At 1 February 2017	2,886
Additions	250
At 31 January 2018	**3,136**

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%	-	Charter broker
Air Globe Business Services (Shanghai) Co Ltd	China	Ordinary shares	100%	-	Charter broker
Air Charter Service Georgia Inc	USA	Ordinary shares	100%	-	Charter broker
Air Charter Service Trucking Inc	USA	Ordinary shares	100%	-	Charter broker
ACS Air Charter Service (Canada) Passenger	Canada	Ordinary shares	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

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 (2018: £301,000) and a provision against loans due from subsidiaries of £1,050,000 (2018: £1,016,000). This impairment does not impact upon the consolidated income statement of the group.

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	WTC II, 29 Route de pre Bois, 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 Blvrd, 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	3280 Bloor Street West, Suite 1630, Toronto, Ontario M8X 2X3, Canada

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019 £'000	2018 £'000 (restated - note 24)	2019 £'000	2018 £'000
Trade receivables	12,961	10,577	-	-
Amounts owed by Parent undertakings	2,716	1,861	83	83
Amounts owed by subsidiaries	-	-	190	3,373
Other debtors	1,300	1,251	-	-
Prepayments and accrued income	7,661	7,322	-	-
	24,638	21,011	273	3,456

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	
	2019 £'000	2018 £'000 (restated - note 24)	2019 £'000	2018 £'000
Trade payables	6,299	7,799	-	-
Amounts owed to Parent undertakings	4	-	-	-
Amounts owed to subsidiaries	-	-	2,507	2,158
Other taxation and social security	559	398	-	-
Accruals and deferred income	27,467	22,973	-	-
Other creditors	385	741	-	-
	34,714	31,911	2,507	2,158

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
CURRENT YEAR:	
At 1 February 2018	199
At 31 January 2019	199
PRIOR YEAR:	
At 1 February 2017	199
At 31 January 2018	199

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 head office lease includes a break clause in 2019, which could result in restoration costs being incurred at this earlier stage. The provision has been estimated through consultation with an external construction firm.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROVISIONS (continued)

CURRENT LIABILITIES	Total £'000
CURRENT YEAR:	
At 1 February 2018	598
Actual costs incurred	(281)
Credit to the profit and loss account	(317)
At 31 January 2019	-
PRIOR YEAR:	
At 1 February 2017	-
Charge	598
At 31 January 2018	598

Last year the group provided in full for a legal claim of £598,000 which was upheld by the court in France. During the year the group appealed the amount of the claim which resulted in reduced costs of £281,000.

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

Fair value of financial instruments	2019 Carrying amount £'000	2019 Fair value £'000	2018 Carrying amount £'000	2018 Fair value £'000
FINANCIAL ASSETS				
Cash and cash equivalents	17,420	17,420	20,481	20,481
Trade and other receivables	24,638	24,638	21,011	21,011
	42,058	42,058	41,492	41,492
FINANCIAL LIABILITIES				
Trade and other payables	34,714	34,714	31,911	31,911
Provisions	199	199	797	797
	34,913	34,913	32,708	32,708

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.

The trade receivables balance set out in note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Represents the following:

	2019 £'000	2018 £'000
More than 60 days past due	163	25
Between 30 and 60 days past due	223	176
Less than 30 days past due	1,266	591
Due after the balance sheet date	11,309	9,785
	12,961	10,577

All other 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	2019	2019 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	34,714	34,714	-	-
Provisions	199	-	-	199
	34,913	34,714	-	199

PRIOR YEAR	2018	2018 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	31,911	31,911	-	-
Provisions	797	598	-	199
	32,708	32,509	-	199

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	2019 Local ('000)	2019 Closing rate	2019 GBP (£'000)	2018 Local ('000)	2018 Closing rate	2018 GBP (£'000)
US Dollars	10,203	1.32	7,758	12,674	1.42	8,913
Euros	4,069	1.15	3,551	4,541	1.14	3,978
GB Pounds Sterling	2,871	1.00	2,871	5,085	1.00	5,085
Other various			3,240			2,505
			17,420			20,481

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:

	2019 Closing rate	2019 Adjusted rate	2019 Effect (£'000)	2018 Closing rate	2018 Adjusted rate	2018 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.32	1.45	(705)	1.42	1.56	(810)
Euro	1.15	1.26	(322)	1.14	1.26	(361)
Sterling weakens by 10%						
US Dollar	1.32	1.18	862	1.42	1.28	990
Euro	1.15	1.03	395	1.14	1.03	442

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. SHORT TERM TRADE LOAN

	2019 £'000	2018 £'000
Short term trade loan liability	-	-

The Company has a $7.5 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.

18. OPERATING LEASE ARRANGEMENTS

The Group had the following minimum outstanding commitments under non-cancellable operating leases which fall due:

LAND & BUILDINGS	2019 £'000	2018 £'000
Within 1 year	2,755	2,453
Within 2 to 5 years	9,783	3,946
Over 5 years	3,914	762
	16,452	7,161

MOTOR VEHICLES	2019 £'000	2018 £'000
Within 1 year	37	38
Within 2 to 5 years	42	70
Over 5 years	-	-
	79	108

19. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:	2019 £'000	2018 £'000
100,000,000 Ordinary shares of £0.01 each	1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:	No.	2019 £'000	No.	2018 £'000
Ordinary shares of £0.01 each	23,602,092	236	23,602,092	236

20. OWN SHARES

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

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. OWN SHARES (continued)

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 2019, 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 (2018: £48k) represents residual cash held within the trust.

21. RELATED PARTY TRANSACTIONS

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

	2019 £'000	2018 £'000
Amounts owed to Group undertakings	(4)	(2,158)
Amounts due from Group undertakings	2,715	3,456

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 £6.5 million during the year from its subsidiary companies (2018: £7.6 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 £88,000 for the rental of properties owned by Jectus Properties Ltd (2018: £72,000). The company charged Mr C Leach £220,000 in respect of aircraft charters (2018: £165,000).

22. 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.

23. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. RESTATEMENT OF 2018 FINANCIAL STATEMENTS

IFRS 15

The group has applied IFRS 15 Revenue from Contracts with Customers. The financial statements comparative figures for the year ended 31 January 2018 have been restated to reflect the application of IFRS 15, however, there has been no effect on gross profit, profit after tax, net current assets or net assets of the group within those comparative figures. There has been no effect upon the opening reserves at 31 January 2018 nor on the results for the year to 31 January 2019.

Statement of profit and loss

IFRS 15 requires judgement of whether the group is acting as principal or agent in transactions with customers, with key accounting consideration being given to control of underlying assets rather than simply considering contractual terms. Where the group acts as agent, revenue is recognised as the difference between amounts invoiced to customers and direct costs of sale. The group engages in both agency and principal based activities and has therefore restated revenue and other items for the year ended 31 January 2018 as follows:

	Original 2018 £'000	Adjustment 2018 £'000	Restated 2018 £'000
Gross transaction value	-	475,527	475,527
Revenue	475,527	(412,941)	62,586
Cost of sales	(418,203)	412,941	(5,262)
Gross profit	57,324	-	57,324

Statement of financial position

The effect of applying IFRS 15 has been:

- a reduction in trade receivables with a corresponding reduction in deferred income in respect of amounts invoiced in advance of carriage and payment not received from customers before the year end;
- a reduction in trade receivables with a corresponding increase in prepayments in respect of payments to suppliers in advance of services being supplied;
- a reduction in trade receivables with a corresponding reduction in accruals in respect of payments to suppliers in advance of receiving supplier invoices;
- a reduction in trade payables with a corresponding increase in deferred income in respect of customer deposits (including Jetcard amounts) for services provided after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. RESTATEMENT OF 2018 FINANCIAL STATEMENTS (Continued)

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe 'accrued income' and 'deferred income'. The standard however does not prohibit an entity from using alternative descriptions and the group has not adopted the terminology used in IFRS 15 to describe such balances. The net effect as a result of IFRS 15 is as follows:

	Original 2018 £'000	Adjustment 2018 £'000	Restated 2018 £'000
CURRENT ASSETS			
Trade receivables	27,527	(16,950)	10,577
Amounts owed by Parent undertakings	1,861	-	1,861
Other debtors	1,251	-	1,251
Prepayments and accrued income	5,230	2,092	7,322
Trade and other receivables	**35,869**	**(14,858)**	**21,011**
Current tax asset	425	-	425
Cash and equivalents	20,481	-	20,481
Total current assets	**56,775**	**(14,858)**	**41,917**
CURRENT LIABILITIES			
Trade payables	(12,618)	4,819	(7,799)
Other taxation and social security	(398)	-	(398)
Accruals and deferred income	(33,012)	10,039	(22,973)
Other creditors	(741)	-	(741)
Trade and other payables	**(46,769)**	**14,858**	**(31,911)**
Current tax liabilities	(674)	-	(674)
Provisions	(598)	-	(598)
Total current liabilities	**(48,041)**	**14,858**	**(33,183)**

The net amount of 'Adjustment' items above (and therefore effect on net assets) is nil.