
CHAPMAN FREEBORN AIRCHARTERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CHAPMAN FREEBORN AIRCHARTERING LIMITED

COMPANY INFORMATION

Directors	E Erbacher (appointed 17 February 2021) M Manning (appointed 17 February 2021)
Company secretary	F Mazzocchi
Registered number	01053714
Registered office	3 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Trading Address	3 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Independent auditors	Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP Santander UK plc 2 Triton Square Regents Place London NW1 3AN

CHAPMAN FREEBORN AIRCHARTERING LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 7
Directors' Responsibilities Statement	8
Independent Auditors' Report	9 - 12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 - 28

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The directors present their strategic report for Chapman Freeborn Airchartering Limited for the year ended 31 December 2020.

Review and analysis of the business during the current year

The Company continued its principal activity of air charter brokerage throughout the current year.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Development and financial performance during the year

As reported in the Company's profit and loss account, revenue has shown an increase from £50.6m to £77.8m. The increase in revenue is a result of our Cargo department winning additional contracts in 2020.

The change in customer mix arising from the impact of the Covid pandemic has resulted in a slight change in the overall gross margin percentage for the year but with administrative expenses remaining fairly constant, the net profit before tax has increased to £2.4m from £0.4m.

Financial position at the reporting date

The balance sheet show that the company's net assets at the year end has increased from £9.2m to £11.4m.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the group are as follows:

- Environmental and market – air charter broking can be materially impacted by changes in global economies, political instability, natural events and supply chain mechanics affecting the movement of cargo and passengers. The group manages exposure by constantly monitoring global events, constant communication with customer needs and regular liaising with current and potential suppliers;
- Competitor pressure – the market in which the group operates is highly competitive with low barriers to entry. The group manages the risk by maintaining strong relationship with its key customers;
- Variety of financial risks – the group's operations expose it to several financial risks including the effects of changes in foreign exchange rates, credit risk, liquidity risk and interest rate risk, all of which are monitored, and strategies adopted on a regular basis;
- Strategic risk – the group's growth strategy is of complementary acquisitions, with a focus on increasing managed capacity through access to aircraft from our parent group or adding directly to our fellow subsidiaries capabilities.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below:

Profit ratios: Gross profit margin

Liquidity ratios: Working capital on total assets

Non-financial: Staff turnover, market share, customer retention

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' statement of compliance with duty to promote the success of the Company

The board of directors of Chapman Freeborn Airchartering Limited consider, both individually and together, that they have acted in a way that they consider in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with customers, suppliers, and others;
- the impact of the company's operations on the community and environment; and
- the desirability of the company maintaining a reputation for high standards of business conduct.

Directors' fulfil their duties as follows:

Risk Management: we provide business critical services to our clients, often in time pressured and challenging environments. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Consideration of stakeholders' interests has always been integral to the work of the Board and in its decision making. The Board's decision-making process includes considering and evaluating the impact of decisions on the key identified stakeholders. For strategic decisions the Board evaluates associated documentation to allow for an informed assessment, for example an outline of key risks and opportunities and of the possible impact on stakeholders and the long-term strategic impact.

This report was approved by the board on 19 March 2021 and signed on its behalf.

M Manning
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £2,170,514 (2019 - £405,037).

An interim dividend amounting to £Nil (2019: £Nil) was paid during the year.

Directors

The directors who served during the year were:

R Batliwala (resigned 17 February 2021)

P Joarder (resigned 17 February 2021)

S Ouzounian (resigned 31 March 2020)

Future developments

The directors consider that there are no significant future developments which require disclosure.

Financial instruments

Foreign currency risk

The Company's principal foreign currency exposures arise from trading with overseas companies. The company actively hedges against adverse currency fluctuations with the purchase of forward contracts. The company also maintains Euro, US Dollar, Swedish Krone, Australian Dollar and Canadian Dollar bank accounts. The directors do not consider this risk to be significant in that it could materially impact the company.

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Company has both interest bearing assets and liabilities. Interest bearing assets include only cash balances that earn interest at fixed and variable rates. Interest bearing liabilities include loan balances where interest is charged at fixed and variable rates.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Engagement with suppliers, customers and others

The Board acknowledges that the long-term success of the group is dependent on the way it works with several important stakeholders. Key stakeholders are considered in their decision making and in doing so ensure the directors' duty is discharged under section 172 of the Companies Act 2006.

Customers

Customers are proactively engaged through our global team structure in order to build long standing relationships and deliver high standards of service. We also have dedicated Customer Service teams to ensure we have met our customers' needs and expectations.

Our Compliance team ensure that we achieve customer quality requirements and that we conform to all applicable requirements.

During 2021, we have continued to invest in our commercial function in order to support our customers' needs.

Our sales teams are now structured on a regional basis with specialist knowledge across the range of our products and services, supported by dedicated product managers, to ensure that we can provide the highest level of service and care to our customers globally.

Product reports are provided by the commercial team for each Board Meeting, which detail our performance against budget and current commercial environments.

Suppliers

Our supplier relationships are vital to our overall success, allowing us to deliver an extraordinary experience to our customers in all the markets in which we operate.

The company is committed to maintaining the highest possible standards of integrity and trust in our business relationship with suppliers, and in turn, looks for suppliers and contractors who operate with values and standards like ours.

Employees

The Board recognises that the ability to retain talented and committed employees contributes significantly to the success of the company.

Engagement with employees takes many forms including surveys, formal and informal meetings and regular email communications.

Reports and KPIs are provided by the HR team for each Board Meeting, which detail our performance against KPI's and employee engagement.

Shareholders

Our Board contains directors appointed by the company's shareholder. These representatives attend the Board meetings and receive monthly management accounts and Board packs containing summaries of the key matters.

Environment

The risk of environmental damage is controlled through the implementation and enforcement of health and safety policies and procedures.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

The company is committed to further reducing the environmental impact of our operations through the efficient use of resources, the reduction of waste and carbon emissions, recycling, transport planning and the careful handling of hazardous substances.

The company will encourage its employees and business partners to conduct activities in an environmentally responsible manner by:

- a) Supporting local environment sustainability initiatives such as energy saving, green travel or waste reduction programmes.
- b) Challenging unsustainable activities such as the wasteful use of energy.
- c) Being vigilant with respect to reporting any environmental risks, hazards or situations which do not appear right, including any potential regulatory breaches.

Principal decisions taken in the year

The Board approved the budget for 2021 and expenditure on major strategic projects, such as strategic acquisitions and increases in managed fleet capacity.

The Board considers that it has complied in all material respects with their s172(1) duties.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CHAPMAN FREEBORN AIRCHARTERING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 March 2021 and signed on its behalf.

M Manning

Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPMAN FREEBORN AIRCHARTERING LIMITED

Opinion

We have audited the financial statements of Chapman Freeborn Airchartering Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPMAN FREEBORN AIRCHARTERING LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPMAN FREEBORN AIRCHARTERING LIMITED
(CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006 and UK corporate taxation laws.

We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to the management and the company's head of legal department. We corroborated our inquiries through our review of documentation generated by the legal department.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process.
- Challenging assumptions and judgements made by management in its significant accounting estimates
- Identifying and testing journal entries, in particular any unusual journal entries posted around the year-end and journal entries posted by infrequent system users; and
- Assessing the extent of compliance with the relevant laws and regulations

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPMAN FREEBORN AIRCHARTERING LIMITED
(CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Christina Georgiou (Senior Statutory Auditor)

for and on behalf of

Haslers

Chartered Accountants
Statutory Auditor

Old Station Road
Loughton
Essex
IG10 4PL

19 March 2021

CHAPMAN FREEBORN AIRCHARTERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	77,800,696	50,551,456
Cost of sales		(70,498,984)	(45,137,298)
		<u>7,301,712</u>	<u>5,414,158</u>
Gross profit		(4,901,504)	5,414,158
Administrative expenses		(4,993,875)	(4,993,875)
		<u>2,400,208</u>	<u>420,283</u>
Operating profit	5	1,574	420,283
Interest receivable and similar income	9	(22,501)	36,216
Interest payable and expenses	10	(3,934)	(3,934)
		<u>2,379,281</u>	<u>452,565</u>
Profit before tax		(208,767)	452,565
Tax on profit	11	(47,528)	(47,528)
		<u>2,170,514</u>	<u>405,037</u>
Profit for the financial year		2,170,514	405,037

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 16 to 28 form part of these financial statements.

CHAPMAN FREEBORN AIRCHARTERING LIMITED
REGISTERED NUMBER: 01053714

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		411,760		456,000
			<u>411,760</u>		<u>456,000</u>
Current assets					
Debtors: amounts falling due within one year	13	16,968,856		23,391,205	
Cash at bank and in hand	14	384,774		545,292	
		<u>17,353,630</u>		<u>23,936,497</u>	
Creditors: amounts falling due within one year	15	(6,349,916)		(15,147,237)	
Net current assets			11,003,714		8,789,260
Total assets less current liabilities			11,415,474		9,245,260
Provisions for liabilities					
Deferred tax	16	(11,500)		(11,800)	
		<u>(11,500)</u>		<u>(11,800)</u>	
Net assets			11,403,974		9,233,460
Capital and reserves					
Called up share capital	17	25,000		25,000	
Profit and loss account	18	11,378,974		9,208,460	
		<u>11,403,974</u>		<u>9,233,460</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2021.

M Manning
Director

The notes on pages 16 to 28 form part of these financial statements.

CHAPMAN FREEBORN AIRCHARTERING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	25,000	9,208,460	9,233,460
Comprehensive income for the year			
Profit for the year	-	2,170,514	2,170,514
Total comprehensive income for the year	-	2,170,514	2,170,514
At 31 December 2020	25,000	11,378,974	11,403,974

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	25,000	8,803,423	8,828,423
Comprehensive income for the year			
Profit for the year	-	405,037	405,037
Total comprehensive income for the year	-	405,037	405,037
At 31 December 2019	25,000	9,208,460	9,233,460

The notes on pages 16 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Chapman Freeborn Airchartering Limited is a private company, limited by shares and incorporated in England and Wales, United Kingdom, with a registration number 01053714. The address of the registered office is 3 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 OPA. The principal activity of the company is airchartering.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Chapman Freeborn Holdings Limited as at 31 December 2020 and these financial statements may be obtained from the Company's registered office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue for cargo, passenger and VIP flights is recognised at the completion of a flight.

2.5 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

2.6 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 33% straight line
Motor vehicles	- 20% straight line
Fixtures and fittings	- 10% straight line
Office equipment	- 25% straight line

Depreciation is charged up to the point of disposal and from the month of acquisition.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Management considers that there are no judgments that have been made in the process of applying the entity's accounting policies that have a significant effect on the financial statements. Furthermore, management considers that there are no areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020	<i>2019</i>
	£	<i>£</i>
Depreciation of tangible fixed assets	102,837	<i>105,734</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30,100	<i>21,890</i>
Exchange differences	76,411	<i>103,735</i>
Other operating lease rentals	268,376	<i>293,262</i>
Defined contribution pension cost	235,708	<i>271,873</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>30,100</u>	<u>21,890</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	2,265	-
All other services	980	-
	<u>3,245</u>	<u>-</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	4,818,155	5,049,457
Social security costs	600,386	698,722
Cost of defined contribution scheme	235,708	271,873
	<u>5,654,249</u>	<u>6,020,052</u>

Included is an amount of £3,338,737 (2019: £3,260,025), which was recharged to Chapman Freeborn International Limited.

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	50	47
Sales	27	27
Directors	2	3
	<u>79</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	293,639	321,566
Company contributions to defined contribution pension schemes	11,313	17,866
	<u>304,952</u>	<u>339,432</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £253,345 (2019 - £160,807).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,250 (2019 - £8,933).

9. Interest receivable

	2020 £	2019 £
Bank Interest receivable	1,574	36,216
	<u>1,574</u>	<u>36,216</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	-	2,312
Other interest payable	22,501	1,622
	<u>22,501</u>	<u>3,934</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	209,067	52,426
Group taxation relief	-	3,622
	<u>209,067</u>	<u>56,048</u>
Deferred tax		
Origination and reversal of timing differences	(300)	(8,520)
Total deferred tax	<u>(300)</u>	<u>(8,520)</u>
	<u>208,767</u>	<u>47,528</u>
Taxation on profit on ordinary activities		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,379,281</u>	<u>452,566</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	452,063	85,988
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	280	5,711
Capital allowances for year in excess of depreciation	(1,826)	2,100
Group losses claimed	(245,406)	(46,307)
Other differences leading to an increase in the tax charge	3,656	36
Total tax charge/(credit) for the year	<u><u>208,767</u></u>	<u><u>47,528</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CHAPMAN FREEBORN AIRCHARTERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation					
At 1 January 2020	720,902	363,749	79,103	478,809	1,642,563
Additions	-	-	-	67,303	67,303
Disposals	-	-	(46,777)	(887)	(47,664)
At 31 December 2020	720,902	363,749	32,326	545,225	1,662,202
Depreciation					
At 1 January 2020	382,395	363,749	54,342	386,077	1,186,563
Charge for the year on owned assets	49,543	-	7,280	45,970	102,793
Disposals	-	-	(38,710)	(203)	(38,913)
At 31 December 2020	431,938	363,749	22,912	431,844	1,250,443
Net book value					
At 31 December 2020	288,964	-	9,414	113,381	411,759
At 31 December 2019	338,507	-	24,761	92,732	456,000

13. Debtors

	2020 £	2019 £
Trade debtors	4,191,220	2,551,125
Amounts owed by group undertakings	10,087,610	19,372,578
Other Debtors	13,906	8,227
Prepayments and accrued income	2,676,120	1,459,275
	<u>16,968,856</u>	<u>23,391,205</u>

CHAPMAN FREEBORN AIRCHARTERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	384,774	545,292
	<u>384,774</u>	<u>545,292</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	673,734	113,193
Amounts owed to group undertakings	2,921,246	11,593,681
Corporation tax	196,984	99,447
Other taxation and social security	516,552	436,427
Other creditors	251,707	503,009
Accruals and deferred income	1,789,693	2,401,480
	<u>6,349,916</u>	<u>15,147,237</u>

16. Deferred taxation

	2020 £
At beginning of year	(11,800)
Charged to profit or loss	300
At end of year	<u>(11,500)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(11,500)	(11,800)
	<u>(11,500)</u>	<u>(11,800)</u>

CHAPMAN FREEBORN AIRCHARTERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
25,000 (2019 - 25,000) Ordinary shares of £1.00 each	<u>25,000</u>	<u>25,000</u>

18. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £235,708 (2019 - £271,873).

20. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	321,052	254,708
Later than 1 year and not later than 5 years	1,280,713	985,304
Later than 5 years	205,256	184,745
	<u>1,807,021</u>	<u>1,424,757</u>

21. Guarantees

A cross guarantee and debenture is in place in favour of the company's bankers between this company and the following group companies: Chapman Freeborn Airchartering (China) Limited, Chapman Freeborn International Limited, Chapman Freeborn Holdings Limited, Intradco Cargo Services Limited and Wings 24 Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the UK parent company and are publicly available.

23. Controlling party

The immediate parent company is Chapman Freeborn International Limited, a company incorporated in England and Wales.

The ultimate parent company is Procyone FZE, a company incorporated in United Arab Emirates.

The ultimate controlling party is Mr G Ziemelis by virtue of his shareholding in the ultimate parent company.

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