

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

TAG AVIATION (UK) LIMITED

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TAG AVIATION (UK) LIMITED

COMPANY INFORMATION

Directors	J T Goodall J Shen
Registered number	03640741
Registered office	Business Aviation Centre Farnborough Airport Farnborough Hampshire GU14 6XA
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 1st Floor Midas House 62 Goldsworth Road Woking Surrey GU21 6LQ

TAG AVIATION (UK) LIMITED

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TAG AVIATION (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report for the financial year ended 31 December 2022.

Review of the business

The Company is a subsidiary of TAG Aviation SA. The Company's principal activities are the charter of aircraft, aircraft management and the provision of other executive jet services.

There have not been any significant changes in the Company's principal activities in the year under review.

The Company benefited from the continued strong demand for Charter as individuals and companies returned to the market following the pandemic. Flight activity is now back ahead of pre-COVID levels.

The Directors have taken a forward-looking view and are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

Turnover for the financial year amounted to £68,636,729 (2021: £64,195,558). The Company incurred a loss after taxation totalling £1,680,042 (2021: £351,911). The loss has increased year on year partly due to the Russian Invasion of Ukraine and the subsequent sanctions imposed.

The net current liability position of the Company as at the financial year end amounted to £864,160 (2021: £414,754).

The net liability position of the Company as at the financial year end amounted to £604,933 (2021: £174,891), of which net amounts of £1,044,326 (2021: £104,908) were owed to fellow group entities. The directors have received confirmation these amounts will not recall these balances to the detriment of the Company.

The directors do not recommend payment of a dividend (2021: £Nil).

Future developments

The Company plans on rebuilding the business following the pandemic, with focus on growing the fleet. Aircraft Management is also seeing an increase in the level of transactional activity, with two new aircraft having joined the fleet already in 2023.

TAG AVIATION (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to several risks. Risks are reviewed by management and appropriate processes are put in place to monitor and mitigate them.

Competitive threats

The biggest threat to the Company is competition. The Company operates in a highly competitive market particularly around price and service offering. This results in downward pressure on margins. The Company undertakes routine market research to understand clients' expectations and to determine whether those expectations are being met. The Company then amends its offering to meet or exceed clients' expectations in order to maintain a competitive advantage.

Retention of key employees

The Company's performance depends largely on its staff. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these issues the Company invests in training programmes and has schemes linked to the Company's results that are designed to retain key staff.

Covid-19

Flight activity levels are now back ahead of pre-COVID levels however restrictions did remain in force in parts of the world for much of 2022. A significant portion of the Company's gross profit comes from the aircraft management side of the business that was less impacted by the pandemic. The Company doesn't own any aircraft hence doesn't have the large fixed costs associated with the ownership of aircraft to cover. The charter side of the business is currently doing well as existing charter clients have been making up for lost time and new clients are experiencing the benefits of private jet travel for the first time as they seek the safety and security a private jet offers and to avoid the delays and disruption the some users of scheduled services have been experiencing recently.

Russian invasion of Ukraine

The Company experienced a drop in flight activity during the early days of the invasion and one of the Company's managed aircraft remains grounded as a result of the restrictions introduced by governments, regulators and manufacturers. This resulted in a drop in the variable revenue the company generates from flight activity. The Company continues to work with the regulators and the aircraft owner to seek an acceptable solution for this aircraft.

Brexit

The Company continues to navigate its way through issues that have arisen from Brexit. The general feeling of uncertainty surrounding Brexit has resulted in a temporary drop in demand for the UK AOC. The Company has a sister company within the EU, in Malta. Some existing and new Clients have opted to put their aircraft on the Maltese AOC over the UK AOC, given the uncertainty. The Company generates revenue by providing services to the aircraft on the Malta AOC so is relatively unimpacted if a Client opts to move their aircraft from the UK AOC to the Malta AOC.

Key performance indicators ('KPIs')

Movement in charter sales

2022: 55% (2021: 31%). Year on year sales increase expressed as a percentage. The demand for Charter has continued to return as COVID restrictions have been lifted.

Movement in aircraft management fee income

2022: -10% (2021: -7%). Year on year management fee income decline expressed as a percentage. Given the uncertainty over Brexit, managed aircraft are favouring TAG's Maltese AOC over the UK AOC. TAG UK provides services to TAG's Malta company so it does generate revenue from these Malta registered aircraft.

Movement in training school revenue

2022: -1% (2021: 8%). Year on year marginal decline in training revenue expressed as a percentage. Revenue is broadly in line with the prior year.

Movement in flight planning revenue

2022: 11% (2021: -7%). Year on year flight planning revenue increase expressed as a percentage. The increase is partly due to increased activity in the managed fleet as pandemic restrictions have been lifted. The Company has also benefited from revenues generated by providing flight planning services to third parties.

TAG AVIATION (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Risk Management Objectives and Policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, cash flow risk, exchange risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the Company; the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the Company's finance department.

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on clients before sales are made. Credit risk is further mitigated by the requirement of managed aircraft clients to pay a deposit to cover the operating costs of the aircraft. There is no significant concentration of credit risk with exposure spread over many customers.

Liquidity risk

The Company currently has no requirements for debt finance but maintains enough funds for operations.

Cash flow risk

The Company has a comfortable level of cash reserves and there is no perceived cash flow threat for the foreseeable future.

Interest rate and exchange risk

The Company has interest bearing assets in the form of cash balances.

The Company has some exposure to foreign exchange risk'. The Company incurs costs and invoices customers in Euros, United States Dollars and Swiss Francs and this has created a charge of £379,975 in the year (2021 credit £20,290).

The exposure to interest rate and exchange risk is not material enough to justify the use of hedging activities.

Environment

The engine ground running noise pollution and the aircraft carbon emissions are the Company's main environmental issues. With regards to ground running noise pollutions, the Company keeps ground running times to the legal minimum as required by aircraft maintenance manual checks. The Company only manages modern aircraft which are designed to limit carbon emissions. The Company's clients pay to offset their carbon emissions through a variety of schemes including the EU's Emissions Trading Scheme. The Company's own emissions are limited to those from their offices in Farnborough.

TAG AVIATION (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Board of Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Company for the benefit of its members as a whole, having regard for the stakeholders and matters set out in S172 (1) (a-f) of the Act.

In 2022 the Directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered principal decisions. Although the Company has multiple stakeholders the Board considers its key stakeholders to be its employees, customers, suppliers, regulator and local community.

Employees

The strength of the business is built on the hard work and dedication of all its employees. The Company aims to provide its employees with a safe environment to work in and with opportunities for their development. Regular meetings are held with the employees to ensure they are kept up to date and to give them the opportunity to ask questions.

Customers

The Company's clients are the reason the business exists. The Directors appreciate they have a choice so it is essential to the Company's future that it can consistently and continuously provides a high level of service. In doing so, the Company will build its brand and loyalty. The Company has a team of customer services professionals who communicate frequently with customers to keep them informed and to receive feedback.

Suppliers

The performance of its suppliers is critical to the efficient operation of the managed aircraft. The Company works closely with its key suppliers to ensure its clients receive the service they expect at good value for money. Regular meetings are held with key suppliers to discuss performance, to hear about new offerings and to explain the Company's changing requirements.

Regulators

The Company seeks to enjoy constructive and cooperative relationships with the bodies that regulate its activities. This helps the Company to maintain a reputation for high standards. There is frequent and open communication with our regulators.

Our Compliance team and our Operations teams have a close relationship with the UK CAA and they communicate with each other on a regular basis, c.g. to check to ensure the company is complying with all the regulations.

Local Community

The local community expects the Company to act as a responsible company and neighbour and to minimise any adverse impact it might have on the local community and the environment. The Company engages with the local community and seeks to support local charities and sports clubs.

Shareholders

The Company works very closely with its shareholder and immediate parent company. The Directors have a weekly meeting with shareholder representatives to discuss current performance and strategy.

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

.....
J T Goodall
Director

Date: 14 June 2023

TAG AVIATION (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

J T Goodall
J Shen
R McMullin (resigned 30 September 2022)

Directors' responsibilities statement

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 judgments 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.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the financial year and remain in force at the date of this report.

Future developments

Details of future developments can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

TAG AVIATION (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from activities for which the Company is responsible were:

	2022	2021
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	36.73	46.07
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	56.68	34.75
Emissions resulting from the indirect activities for which the Company has consumed fuel for the purposes of transport (in tonnes of CO2 equivalent)	106	15.2
Intensity ratio: tCO2e / £1,000 of Turnover	0.00291	0.00150
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	467,466	415,171

Methodology:

The Company pays a rent that is inclusive of gas and other utilities. The landlord, Farnborough Airport is committed to reducing emissions across the airport. The values of energy consumption are provided by the landlord, to give a total consumption in kWh used by the office.

Below are the conversion factors which are used to convert kWh into CO2e. These are then divided by 1000 for the tonne values.

Gas kWh * 0.18316

Electricity kWh * 0.21233

The Company is actively looking for ways to reduce their carbon footprint, such as prioritising electric cars for customer transportation wherever possible.

Matters covered in the Strategic Report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and exposure to risk.

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.

TAG AVIATION (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Post balance sheet events

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

Auditors

The auditor, Menzies LLP was appointed as auditor for Tag Aviation (UK) Limited on 19 December 2022 in accordance with section 485 of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

.....
J T Goodall

Director

Date: 14 June 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG AVIATION (UK) LIMITED

Opinion

We have audited the financial statements of TAG Aviation (UK) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 2022 and of its loss 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG AVIATION (UK) LIMITED
(CONTINUED)**

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG AVIATION (UK) LIMITED
(CONTINUED)**

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:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the Companies Act 2006 was the most significant law and regulation the Company was subject to. We assessed the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK Employment Legislation;
- UK Health and Safety Legislation;
- General Data Protection Regulations; and
- Russian Trade Sanctions.

Additionally, the Company are regulated by:

- The Civil Aviation Authority (CAA).

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. We obtained certificates of compliance with the CAA regulations to understand how the Company has complied with the relevant regulations. We corroborated our inquiries through our review of legal expenditure and board minutes for the year.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

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

- Identifying and assessing the design effectiveness of controls that 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 judgments made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount;
- Timing of revenue recognition; and
- The use of management override of controls to manipulate results.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAG AVIATION (UK) LIMITED
(CONTINUED)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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.

Tom Woods ACA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

14 June 2023

TAG AVIATION (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	68,636,729	64,195,558
Cost of sales		(66,275,984)	(61,060,232)
Gross profit		2,360,745	3,135,326
Administrative expenses		(3,401,520)	(3,761,732)
Operating loss	5	(1,040,775)	(626,406)
Interest receivable and similar income	9	2,871	-
Loss before tax		(1,037,904)	(626,406)
Tax on loss	10	(642,138)	274,495
Loss for the financial year		(1,680,042)	(351,911)
Total comprehensive income for the year		(1,680,042)	(351,911)

The notes on pages 15 to 27 form part of these financial statements.

TAG AVIATION (UK) LIMITED

REGISTERED NUMBER:03640741

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	38,838	43,801
Tangible assets	12	218,698	194,371
Investments	13	1,691	1,691
		<u>259,227</u>	<u>239,863</u>
Current assets			
Stocks	14	95,364	95,318
Debtors: amounts falling due within one year	15	15,532,615	15,960,204
Cash at bank and in hand		1,486,359	4,383,594
		<u>17,114,338</u>	<u>20,439,116</u>
Creditors: amounts falling due within one year	16	(17,978,498)	(20,853,870)
Net current liabilities		<u>(864,160)</u>	<u>(414,754)</u>
Total assets less current liabilities		<u>(604,933)</u>	<u>(174,891)</u>
Net liabilities		<u>(604,933)</u>	<u>(174,891)</u>
Capital and reserves			
Called up share capital	18	2,250,000	1,000,000
Profit and loss account	19	(2,854,933)	(1,174,891)
		<u>(604,933)</u>	<u>(174,891)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
J T Goodall
Director

Date: 14 June 2023

The notes on pages 15 to 27 form part of these financial statements.

TAG AVIATION (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	1,000,000	(822,980)	177,020
Comprehensive income for the year			
Loss for the year	-	(351,911)	(351,911)
At 1 January 2022	1,000,000	(1,174,891)	(174,891)
Comprehensive income for the year			
Loss for the year	-	(1,680,042)	(1,680,042)
Shares issued during the year	1,250,000	-	1,250,000
At 31 December 2022	2,250,000	(2,854,933)	(604,933)

The notes on pages 15 to 27 form part of these financial statements.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

TAG Aviation (UK) Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is disclosed on the Company Information page, the principal place of activity is the same as the registered office.

The principal activities are disclosed in the Strategic Report.

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 judgment in applying the Company's accounting policies (see note 3).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, TAG Aviation SA, which may be obtained from the address in Note 22. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, and remuneration of key management personnel.

The Company has availed of the exemption provided in FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is a wholly owned member.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis with the company reporting net liabilities of £604,933 as at the year end (2021 net liabilities of £174,891). The Directors consider this appropriate for the following reasons.

The Company holds cash balances to meet its day-to-day working capital requirements. The current economic conditions create uncertainty particularly over competition and consumer demand in the aviation sector; however the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its cash balance. A group company TAG Aviation Asia Limited has agreed to provide financial support (in the form of a letter of support), as required, to enable the Company to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

TAG Aviation Asia Limited is willing to offer financial support since it provides the same services as the Company in the Asia region. Working together, the companies can provide their clients with an improved offering through their combined purchasing power and their global coverage. If the Company suffered financial difficulty then this could adversely impact TAG Aviation Asia's business.

After making enquires, the Directors are confident that the Company has adequate resources to continue in operating as a going concern for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

2.4 Revenue

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services through service agreements, which fall within the Company's activities, represents the value of services provided under agreements to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where an agreement has only been partially completed at the year end, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditor due within one year.

In the view of directors, all turnover in the year has arisen from the management and charter of aircraft, and associated services, in the United Kingdom.

2.5 Interest income

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

2.6 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 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 reporting 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 reporting 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 reporting date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	20% reducing balance
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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.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	- 10 years straight line
Fixtures and fittings	- 5 years straight line

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 in profit or loss.

2.10 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors do not consider that any critical judgements have been made in the application of the Company's accounting policies and no key sources of estimation uncertainty have been identified that have a significant risk of causing a material misstatement to the carrying amount of assets and liabilities within the financial year.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Aircraft Management	52,835,291	51,974,336
Charter Revenue	15,801,438	12,221,222
	<u>68,636,729</u>	<u>64,195,558</u>

In the view of the Directors, all turnover arose within the United Kingdom.

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	379,975	(20,290)
Operating lease charges	573,116	591,647
Depreciation of owned tangible fixed assets	86,789	60,422
Amortisation of owned intangible fixed assets	4,963	414

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	34,750	40,000
Services relating to taxation	1,950	9,630
Other services	2,750	2,000

7. Employees

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

	2022 £	2021 £
Wages and salaries	8,538,200	8,042,563
Social security costs	1,070,206	951,840
Cost of defined contribution scheme	385,533	352,731
	9,993,939	9,347,134

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

	2022 No.	2021 No.
Technical	89	96
Sales	9	6
Administration	22	20
	120	122

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	259,826	200,000
Company contributions to defined contribution pension schemes	10,439	10,000
	<u>270,265</u>	<u>210,000</u>

During the year retirement benefits were accruing to no directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £259,826 (2021 - £200,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,439 (2021 - £10,000).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to £NIL (2021 - £NIL).

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2022 amounted to £NIL (2021 - £NIL).

9. Interest receivable

	2022 £	2021 £
Other interest receivable	2,871	-
	<u>2,871</u>	<u>-</u>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(1,725)	(274,495)
	<u>(1,725)</u>	<u>(274,495)</u>
Total current tax	<u>(1,725)</u>	<u>(274,495)</u>
Deferred tax		
Origination and reversal of timing differences	643,863	-
Total deferred tax	<u>643,863</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>642,138</u>	<u>(274,495)</u>
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(1,037,904)</u>	<u>(626,106)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(197,202)	(119,017)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,845	3,268
Capital allowances for year in excess of depreciation	(57,700)	-
Removal of deferred tax asset	643,863	-
Adjustments to tax charge in respect of prior periods	-	(999)
Non-taxable income	(840)	(3,220)
Unrelieved tax losses carried forward	251,172	-
Other differences leading to an increase (decrease) in the tax charge	-	(154,527)
Total tax charge for the year	<u>642,138</u>	<u>(274,495)</u>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors that may affect future tax charges

In the Finance Bill 2021, the UK Government announced increases in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change in rate was substantively enacted on 24 May 2021. As such, where deferred tax is recognised, it is at a rate of 25% in the current year (2021: 25%).

11. Intangible assets

	Computer software £
Cost	
At 1 January 2022	44,215
At 31 December 2022	44,215
Amortisation	
At 1 January 2022	414
Charge for the year on owned assets	4,963
At 31 December 2022	5,377
Net book value	
At 31 December 2022	38,838
<i>At 31 December 2021</i>	<i>43,801</i>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2022	315,047	531,242	846,289
Additions	99,711	11,405	111,116
At 31 December 2022	<u>414,758</u>	<u>542,647</u>	<u>957,405</u>
Depreciation			
At 1 January 2022	208,052	443,866	651,918
Charge for the year on owned assets	49,522	37,267	86,789
At 31 December 2022	<u>257,574</u>	<u>481,133</u>	<u>738,707</u>
Net book value			
At 31 December 2022	<u>157,184</u>	<u>61,514</u>	<u>218,698</u>
At 31 December 2021	<u>106,995</u>	<u>87,376</u>	<u>194,371</u>

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Short leasehold	157,184	106,995
	<u>157,184</u>	<u>106,995</u>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Fixed asset investments

	Investments £
Cost or valuation	
At 1 January 2022	1,691
At 31 December 2022	<u>1,691</u>

The following was an investment of the Company:

Name	Registered office	Class of shares	Holding
TAG Aviation Middle East	Office 102, Platinum Tower, Building 190, Road 2803, Block 428, Seef, Kingdom of Bahrain	Ordinary	1 %

In the Directors' opinion, there is no impairment to the cost of the investment. All shares are held directly by TAG Aviation (UK) Limited.

14. Stocks

	2022 £	2021 £
Finished goods and goods for resale	95,364	95,318
	<u>95,364</u>	<u>95,318</u>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Debtors

	2022 £	2021 £
Trade debtors	12,032,993	10,980,747
Amounts owed by group undertakings	741,589	1,128,697
Other debtors	696,659	990,444
Prepayments and accrued income	2,061,374	2,216,453
Deferred taxation	-	643,863
	<u>15,532,615</u>	<u>15,960,204</u>

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,625,372	4,790,212
Amounts owed to group undertakings	1,785,915	1,233,605
Other taxation and social security	75,012	198,230
Other creditors	10,122,417	9,146,462
Accruals and deferred income	1,369,782	5,485,361
	<u>17,978,498</u>	<u>20,853,870</u>

17. Deferred taxation

	2022 £
At beginning of year	643,863
Charged to profit or loss	(643,863)
At end of year	<u>-</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Tax losses carried forward	-	643,863
	<u>-</u>	<u>643,863</u>

TAG AVIATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,250,000 (2021 - 1,000,000) Ordinary shares of £1.00 each	<u>2,250,000</u>	<u>1,000,000</u>

During the year the Company allotted 1,250,000 ordinary shares with a nominal value of £1.00 each at par to its immediate parent company.

19. Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits or losses.

20. Pension commitments

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expenses charged to the Profit and Loss Account in the year ended 31 December 2022 was £385,533 (2021: £352,731). There are no pension payments due as at the year end (2021: £nil).

21. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	599,588	598,882
Later than 1 year and not later than 5 years	1,798,763	2,398,350
	<u>2,398,351</u>	<u>2,997,232</u>

22. Controlling party

The Company's immediate parent undertaking is TAG Aviation SA incorporated in Switzerland. Tag Aviation SA is also the smallest and largest group in which the company's results are consolidated. The consolidated accounts are available from the parent company's website at www.tagaviation.com. Its registered address is 20, Chemin des Papillons, PO Box 36, 1215 Geneva 15, Switzerland.

The Company's ultimate parent company is T Era Holdings Limited, a company incorporated in Hong Kong.

The directors consider J T Goodall to be the ultimate controlling party by the virtue of their shareholdings.

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.