

**DRAGONFLY AVIATION SERVICES
LIMITED**

Abbreviated accounts

31 October 2014

REGISTRAR OF COMPANIES

THURSDAY



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DRAGONFLY AVIATION SERVICES LIMITED

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CHARTERED ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED ABBREVIATED STATUTORY FINANCIAL STATEMENTS OF DRAGONFLY AVIATION SERVICES LIMITED FOR THE YEAR ENDED 31 OCTOBER 2014

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the abbreviated financial statements of Dragonfly Aviation Services Limited for the year ended 31 October 2014 which comprise the Balance sheet and related notes 1 to 10 from the company's accounting records and from information and explanations you have given us.

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

This report is made solely to the Board of Directors of Dragonfly Aviation Services Limited, as a body, in accordance with the terms of our engagement letter dated 8 July 2015. Our work has been undertaken solely to prepare for your approval the abbreviated financial statements of Dragonfly Aviation Services Limited and state those matters that we have agreed to state to you in this report in accordance with AAF 02/10 as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dragonfly Aviation Services Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Dragonfly Aviation Services Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Dragonfly Aviation Services Limited. You consider that Dragonfly Aviation Services Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the abbreviated financial statements of Dragonfly Aviation Services Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the abbreviated statutory financial statements.



Deloitte LLP
Chartered Accountants
Cardiff, United Kingdom

Date 30 July 2015

DRAGONFLY AVIATION SERVICES LIMITED

BALANCE SHEET **As at 31 October 2014**

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	2	597,642	604,027
Tangible assets	3	1,864,39	1,982,060
		<u>2,462,034</u>	<u>2,586,087</u>
CURRENT ASSETS			
Stocks	4	1,341	6,418
Debtors	5	346,965	329,788
Cash at bank and in hand		16,196	3,418
		<u>364,502</u>	<u>339,624</u>
CREDITORS: amounts falling due within one year	6	<u>(1,350,348)</u>	<u>(1,517,992)</u>
NET CURRENT LIABILITIES		<u>(985,846)</u>	<u>(1,178,368)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,476,188	1,407,719
CREDITORS: amounts falling due after more than one year	7	<u>(1,875,332)</u>	<u>(1,682,378)</u>
PROVISIONS FOR LIABILITIES		-	-
NET LIABILITIES		<u>(399,144)</u>	<u>(274,659)</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account		<u>(399,244)</u>	<u>(274,759)</u>
SHAREHOLDERS' DEFICIT		<u>(399,144)</u>	<u>(274,659)</u>

For the year ended 31 October 2014 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of financial statements.

The abbreviated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The abbreviated financial statements of Dragonfly Aviation Services Limited (registered number 07948303) were approved by the Board of Directors and authorised for issue on

N. Palser
N Palser
Director

30/11/15.

DRAGONFLY AVIATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Basis of preparation

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008) under the historical cost convention.

Going concern

During the year demand for the company's private air-charter services has increased significantly with actual flying hours having increased significantly on the previous year. Whilst unscheduled maintenance downtime continues to be a factor, the directors are confident that the company will continue to report a much improved operational performance in subsequent accounting periods.

The company has successfully restructured its debt funding on improved terms such that the directors are confident that the company has access to sufficient working capital to operate at forecast activity levels for the foreseeable future.

The directors have assessed the balance sheet and note that the business has net current liabilities and a bank loan and overdraft; likely future cash flows of the company have also been reviewed at the date of approving the financial statements. Given the current position of the balance sheet, the directors believe that any foreseeable debts can be met for at least 12 months from the date of signing these financial statements. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

Under Financial Reporting Standard 1, the company is not required to prepare a cash flow statement as it qualifies as a small company.

Intangible assets - Goodwill

Goodwill arising on the acquisition of a business, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Intangible assets – Development costs

Development expenditure on specific projects is capitalised when recoverability is expected with reasonable certainty, and is amortised in relation to sales from such projects. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life.

The rates of depreciation are as follows:

Aircraft base airframe, engines and avionics	5% to 10% per annum
Aircraft avionic additions	5% to 33% per annum
Office equipment, fixtures and fittings	33% reducing balance
Motor vehicles	33% reducing balance

DRAGONFLY AVIATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover is the amount derived from the provision of aircraft chartering services, net of value added tax, and falls within the company's ordinary activities. Revenue is recognised in the period in which the services are provided. All turnover arises in the United Kingdom.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Foreign currency transactions are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Bank borrowings

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

DRAGONFLY AVIATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 October 2014**

2. INTANGIBLE ASSETS

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 November 2013	635,818	-	635,818
Additions	-	25,406	25,406
	<u>635,818</u>	<u>25,406</u>	<u>661,224</u>
At 31 October 2014	635,818	25,406	661,224
Amortisation			
At 1 November 2013	31,791	-	31,791
Charge for the year	31,791	-	31,791
	<u>63,582</u>	<u>-</u>	<u>63,582</u>
At 31 October 2014	63,582	-	63,582
Net book value			
At 31 October 2014	<u>572,236</u>	<u>25,406</u>	<u>597,642</u>
At 31 October 2013	<u>604,027</u>	<u>-</u>	<u>604,027</u>

Development costs have been capitalised in accordance with SSAP13 - Accounting for Research and Development Costs and are, therefore, not treated, for dividend purposes, as a realised loss. The costs related to the company's application for an Air Operators Certificate (AOC) which was not granted until December 2014.

3. TANGIBLE FIXED ASSETS

	Total
	£
Cost	
At 1 November 2013	2,169,377
Additions	92,575
	<u>2,261,952</u>
At 31 October 2014	2,261,952
Accumulated depreciation	
At 1 November 2013	187,317
Charge for the year	210,243
	<u>397,560</u>
At 31 October 2014	397,560
Net book value	
At 31 October 2014	<u>1,864,392</u>
At 31 October 2013	<u>1,982,060</u>

DRAGONFLY AVIATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

4. STOCKS

	2014 £	2013 £
Fuel Stocks	1,341	6,418

5. DEBTORS

	2014 £	2013 £
Trade debtors	66,716	62,873
Other taxation and social security	6,033	5,076
Prepayments and accrued income	274,216	261,839
	<u>346,965</u>	<u>329,788</u>

All amounts are due within one year.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loan and overdraft	68,391	355,071
Other loans	201,798	233,700
Directors' loans	718,255	643,375
Trade creditors	185,086	169,638
Taxation and social security	8,659	7,753
Other creditors	97,596	242
Accruals and deferred income	70,563	108,213
	<u>1,350,348</u>	<u>1,517,992</u>

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

	2014 £	2013 £
Bank loan	-	514,929
Other loans	1,875,332	1,167,449
	<u>1,875,332</u>	<u>1,682,378</u>

The company has granted a fixed and floating charge on its assets to secure the bank loan and overdraft.

The company's aircraft are subject to mortgage agreements which are secured against the aircraft and are repayable over five years.

The directors' loans relate to unsecured loans of £718,255 (2013 - £643,375) from H R and N Palser, directors of the company. The interest rate is 4.5% per annum and the maximum owed during the year was £737,535 (2013 - £1,059,931)

DRAGONFLY AVIATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2014

8. SHARE CAPITAL

	2014 £	2013 £
Allotted and fully paid		
100 Ordinary shares (2013 -100) of £1 each	100	100

9. RELATED PARTY TRANSACTIONS

On 2 November 2012 a loan of £1,080,000 due from the company to Dragonfly 2012 LLP was novated to H R Palser, a director of the company. Under the agreement, the loan bears interest at 4.5% per annum on the loan outstanding. Interest accrued during the year amounted to £54,945, which includes £24,081 relating to the previous year.

10. ULTIMATE CONTROLLING PARTY

H R and N Palser, directors of the company, control the company by virtue of their shareholding.