

Dragonfly Aviation Services Limited
Financial Statements for the Year Ended 31 October 2020

Dragonfly Aviation Services Limited

Company Information for the Year Ended 31 October 2020

DIRECTORS:

N Palser
H R Palser

REGISTERED OFFICE:

The White Building Southside
Cardiff International Airport
Rhoose
Barry
CF62 3BD

REGISTERED NUMBER:

07948303 (England and Wales)

ACCOUNTANTS:

BPU Limited
Chartered Accountants
Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff
CF23 8AA

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Dragonfly Aviation Services Limited**

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Dragonfly Aviation Services Limited for the year ended 31 October 2020 which comprise the Profit & Loss Account, Balance Sheet and the related notes 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 within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Dragonfly Aviation Services Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Dragonfly Aviation Services Limited and state those matters that we have agreed to state to the Board of Directors of Dragonfly Aviation Services Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. 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 profit 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 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 statutory financial statements.

BPU Limited
Chartered Accountants

28 July 2021

Balance Sheet
31 October 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	3	409,505		448,300	
Tangible assets	4	<u>956,172</u>		<u>1,557,397</u>	
		1,365,677		2,005,697	
CURRENT ASSETS					
Stocks		789		2,824	
Debtors	5	309,769		783,246	
Cash at bank and in hand		<u>316,946</u>		<u>256</u>	
		627,504		786,326	
CREDITORS					
Amounts falling due within one year	6	<u>1,317,218</u>		<u>2,014,745</u>	
NET CURRENT LIABILITIES		(689,714)		(1,228,419)	
TOTAL ASSETS LESS CURRENT LIABILITIES		675,963		777,278	
CREDITORS					
Amounts falling due after more than one year	7	<u>1,416,106</u>		<u>1,651,767</u>	
NET LIABILITIES		(740,143)		(874,489)	
CAPITAL AND RESERVES					
Called up share capital		100		100	
Retained earnings		<u>(740,243)</u>		<u>(874,589)</u>	
SHAREHOLDERS' FUNDS		(740,143)		(874,489)	

The notes form part of these financial statements

Balance Sheet - continued
31 October 2020

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 October 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 October 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Profit & Loss Account has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2021 and were signed on its behalf by:

H R Palser - Director

**Notes to the Financial Statements
for the Year Ended 31 October 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover was reduced because of the Covid-19 pandemic, which has had a severe impact on aviation globally. DragonFly's core business consists of ad hoc charter, a long-term AOG recovery contract, and aircraft management - three of the four aircraft in DragonFly's fleet are owned by Third Parties and are managed and operated by DragonFly.

During the current financial year, the Company has acted in the acquisition of a Cessna Citation Bravo C550 Jet which is to be managed, crewed, and operated for charter on behalf of its owner.

Ad hoc charter numbers were reduced in 2020 because of the U.K. Government ban on non-essential travel and AOG recovery flights were fewer than anticipated because of the temporary grounding of the airline's active fleet.

Despite the exceptional conditions created by the pandemic, DragonFly has continued to operate throughout and has maintained profitability.

The Directors took timely measures to minimise expenditure and to maximise income and continue to monitor the situation closely.

The Directors are confident that the company will be able to maintain the improvement demonstrated in its financial performance, and consider that the company is in good shape and poised to benefit from the surge in charter activity predicted to accompany the ending of lockdown restrictions.

The Directors fully support the company and accordingly consider it appropriate to adopt the going concern basis in preparing the financial statements.

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.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2012, is being amortised evenly over its estimated useful life of twenty years.

Licences

The licence held will be amortised on a straight line basis for 10 years, starting in 2016.

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2020**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Aircraft	- 5 - 33% straight line
Fixtures and fittings	- 33% reducing balance
Office equipment	- 33% reducing balance

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit & Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Grant income

Grant income is recognised on a systematic basis over the periods to which the entity recognises the related costs for which the grant is intended.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2020

2. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 9 (2019 - 12).

3. **INTANGIBLE FIXED ASSETS**

	Goodwill £	Licences £	Totals £
COST			
At 1 November 2019 and 31 October 2020	<u>635,818</u>	<u>70,038</u>	<u>705,856</u>
AMORTISATION			
At 1 November 2019	222,536	35,020	257,556
Amortisation for year	<u>31,791</u>	<u>7,004</u>	<u>38,795</u>
At 31 October 2020	<u>254,327</u>	<u>42,024</u>	<u>296,351</u>
NET BOOK VALUE			
At 31 October 2020	<u>381,491</u>	<u>28,014</u>	<u>409,505</u>
At 31 October 2019	<u>413,282</u>	<u>35,018</u>	<u>448,300</u>

4. **TANGIBLE FIXED ASSETS**

	Aircraft £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 November 2019	2,638,784	1,079	34,011	2,673,874
Additions	10,802	-	2,644	13,446
Disposals	<u>(1,077,532)</u>	-	-	<u>(1,077,532)</u>
At 31 October 2020	<u>1,572,054</u>	<u>1,079</u>	<u>36,655</u>	<u>1,609,788</u>
DEPRECIATION				
At 1 November 2019	1,091,822	1,079	23,576	1,116,477
Charge for year	145,859	-	3,832	149,691
Eliminated on disposal	<u>(612,552)</u>	-	-	<u>(612,552)</u>
At 31 October 2020	<u>625,129</u>	<u>1,079</u>	<u>27,408</u>	<u>653,616</u>
NET BOOK VALUE				
At 31 October 2020	<u>946,925</u>	-	<u>9,247</u>	<u>956,172</u>
At 31 October 2019	<u>1,546,962</u>	-	<u>10,435</u>	<u>1,557,397</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2020

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	190,938	443,752
Other debtors	52,620	94,000
Prepayments and accrued income	66,211	245,494
	<u>309,769</u>	<u>783,246</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts	39,380	276,161
Other loans	108,631	121,698
Trade creditors	250,583	561,333
Social security and other taxes	25,842	12,076
VAT	110,856	47,354
Other creditors	199,207	183,710
Directors' loan accounts	301,212	380,674
Accruals and deferred income	281,507	431,739
	<u>1,317,218</u>	<u>2,014,745</u>

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

	2020	2019
	£	£
Other loans	<u>1,416,106</u>	<u>1,651,767</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Other loans	<u>1,450,637</u>	<u>1,849,364</u>

An element of the other loan is secured by a fixed charge over the aircrafts to which it relates, whilst the other element is secured by a fixed and floating charge over the undertaking and all its assets.

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.