

---

**CHAPMAN FREEBORN INTERNATIONAL LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

## CHAPMAN FREEBORN INTERNATIONAL LIMITED

---

### COMPANY INFORMATION

---

<b>Directors</b>	R Batliwala P Joarder
<b>Company secretary</b>	P Joarder
<b>Registered number</b>	01111032
<b>Registered office</b>	3 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Independent auditors</b>	Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL
<b>Bankers</b>	Barclays Bank Plc 1 Churchill Place London E14 5HP  Santander UK plc 2 Triton Square Regents Place London NW1 3AN

---

CHAPMAN FREEBORN INTERNATIONAL LIMITED

---

CONTENTS

---

	Page
Strategic Report	1 - 3
Directors' Report	4 - 7
Directors' Responsibilities Statement	8
Independent Auditors' Report	9 - 11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 - 28

---

## CHAPMAN FREEBORN INTERNATIONAL LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### Introduction

The directors present their strategic report for Chapman Freeborn International Limited for the year ended 31 December 2019.

#### Review and analysis of the business during the current year

The Company continued its principal activity of provision of management services throughout the current year.

Chapman Freeborn International Limited is an intermediate holding company and as a subsidiary company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006.

#### Development and financial performance during the year

As reported in the group's profit and loss account, revenue has increased on prior year from £6,353,191 to £7,128,618. Whilst profit after tax has shown a significant decrease from £27,390,116 to £10,377,177 in the current period, due to a significant variance in income from investments.

#### Financial position at the reporting date

The balance sheet show that the group's net assets at the year end has increased from £19,000,459 to £24,377,636.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**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 subsidiary's capabilities. We carry out detailed reviews of potential acquisitions and additions to our managed capacities to ensure in line with our strategic aims and when opportunities are identified appropriate due diligence is carried out either by adequately qualified internal teams or externally companies as required.

**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 2019**

---

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

The board of directors of Chapman Freeborn International 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 11 August 2020 and signed on its behalf.

**P Joarder**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their report and the financial statements for the year ended 31 December 2019.

**Results and dividends**

The profit for the year, after taxation, amounted to £10,377,177 (2018 - £27,390,116).

The company paid an interim dividend of £5,000,000 (2018: £29,860,022) in the year.

**Directors**

The directors who served during the year were:

R Batliwala

P Joarder

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, 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 2019**

---

**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 2019, 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 group 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 group.

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 2019**

---

The Group 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 Group 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 group budget for 2020 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.

**Future developments**

On 12th May 2020, Chapman Freeborn sold its shares in Logik Logistics, a road freight forwarding subsidiary to its minority shareholder.

On 18th June 2020, Chapman Freeborn signed an agreement to acquire Arcus Air Logistics and Arcus Air OBC from the Arcus Air Group. This acquisition will further strengthen the group's business in continuing a strategy of growth through diversification in the niche aircraft charter industry.

**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 INTERNATIONAL LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**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 11 August 2020 and signed on its behalf.

.....  
P Joarder

Director

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

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 INTERNATIONAL LIMITED

---

## Opinion

We have audited the financial statements of Chapman Freeborn International Limited (the 'Company') for the year ended 31 December 2019, 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## 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

---

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

---

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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPMAN FREEBORN INTERNATIONAL 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.

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](http://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 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 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

11 August 2020

CHAPMAN FREEBORN INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	7,128,618	6,353,191
Cost of sales		(541,668)	(253,618)
<b>Gross profit</b>		<b>6,586,950</b>	<b>6,099,573</b>
Administrative expenses		(7,020,829)	(10,434,898)
<b>Operating loss</b>	5	<b>(433,879)</b>	<b>(4,335,325)</b>
Income from investments		10,668,355	31,698,389
Profit/loss on disposal of investments		-	(82,109)
Interest receivable and similar income	9	1,247	17,137
Interest payable and expenses	10	-	(72,636)
<b>Profit before tax</b>		<b>10,235,723</b>	<b>27,225,456</b>
Tax on profit	11	141,454	164,660
<b>Profit for the financial year</b>		<b>10,377,177</b>	<b>27,390,116</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 28 form part of these financial statements.

**CHAPMAN FREEBORN INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 01111032**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Fixed assets</b>					
Intangible assets	12		<b>433,684</b>		432,179
Tangible assets	13		<b>288,249</b>		106,885
Investments	14		<b>8,014,441</b>		8,013,653
			<b>8,736,374</b>		8,552,717
<b>Current assets</b>					
Debtors: amounts falling due within one year	15	<b>18,050,033</b>		10,153,544	
Cash at bank and in hand	16	<b>62,103</b>		3,122,289	
		<b>18,112,136</b>		13,275,833	
Creditors: amounts falling due within one year	17	<b>(2,386,784)</b>		(2,790,398)	
<b>Net current assets</b>			<b>15,725,352</b>		10,485,435
<b>Total assets less current liabilities</b>			<b>24,461,726</b>		19,038,152
<b>Provisions for liabilities</b>					
Deferred tax	18	<b>(84,090)</b>		(37,693)	
			<b>(84,090)</b>		(37,693)
<b>Net assets</b>			<b>24,377,636</b>		19,000,459
<b>Capital and reserves</b>					
Called up share capital	19		<b>100,000</b>		100,000
Profit and loss account	20		<b>24,277,636</b>		18,900,459
			<b>24,377,636</b>		19,000,459

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 August 2020.

**P Joarder**

Director

The notes on pages 15 to 28 form part of these financial statements.



CHAPMAN FREEBORN INTERNATIONAL LIMITED

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	100,000	18,900,459	19,000,459
<b>Comprehensive income for the year</b>			
Profit for the year	-	10,377,177	10,377,177
<b>Total comprehensive income for the year</b>	-	10,377,177	10,377,177
Dividends: Equity capital	-	(5,000,000)	(5,000,000)
<b>Total transactions with owners</b>	-	(5,000,000)	(5,000,000)
<b>At 31 December 2019</b>	<b>100,000</b>	<b>24,277,636</b>	<b>24,377,636</b>

The notes on pages 15 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	100,000	21,370,365	21,470,365
<b>Comprehensive income for the year</b>			
Profit for the year	-	27,390,116	27,390,116
<b>Total comprehensive income for the year</b>	-	27,390,116	27,390,116
Dividends: Equity capital	-	(29,860,022)	(29,860,022)
<b>Total transactions with owners</b>	-	(29,860,022)	(29,860,022)
<b>At 31 December 2018</b>	<b>100,000</b>	<b>18,900,459</b>	<b>19,000,459</b>

The notes on pages 15 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**1. General information**

Chapman Freeborn International Limited is a private company limited by shares incorporated in England and Wales, United Kingdom, with a registration number 01111032. 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 that of a holding company.

**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 2019 and these financial statements may be obtained from the company's Registered Office.

**2.3 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, and represents charges for services provided during the year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**2. Accounting policies (continued)**

**2.4 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.

**2.5 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 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:

Computer equipment	-	25%	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 the Statement of Comprehensive Income.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**2.7 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.

**2.8 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**2. Accounting policies (continued)**

**2.9 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.

**2.10 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.

**2.11 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 the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**2. Accounting policies (continued)**

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 2019

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 judgements 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 loss

The operating loss is stated after charging:

	2019	2018
	£	£
Depreciation and amortisation of fixed assets	218,255	34,109
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	21,890
Exchange differences	<u>426,630</u>	<u>126,841</u>

6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	10,000	21,890
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Other services relating to taxation	43,125	18,430
All other services	<u>38,875</u>	<u>-</u>

---

CHAPMAN FREEBORN INTERNATIONAL LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

7. Employees

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

	2019 No.	2018 No.
	<u>3</u>	<u>3</u>
Directors		

8. Income from investments

	2019 £	2018 £
	<u>10,668,355</u>	<u>31,698,389</u>
Dividends received from subsidiaries		
	<u>10,668,355</u>	<u>31,698,389</u>

9. Interest receivable

	2019 £	2018 £
	<u>1,247</u>	<u>17,137</u>
Bank interest receivable		
	<u>1,247</u>	<u>17,137</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Interest payable and similar expenses

	2019 £	2018 £
Loans from group undertakings	-	72,636
	<u>-</u>	<u>72,636</u>

11. Taxation

	2019 £	2018 £
Group taxation relief	(187,851)	(202,353)
<b>Total current tax</b>	<u>(187,851)</u>	<u>(202,353)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	46,397	37,693
<b>Total deferred tax</b>	<u>46,397</u>	<u>37,693</u>
<b>Taxation on loss on ordinary activities</b>	<u>(141,454)</u>	<u>(164,660)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>10,235,723</u>	<u>27,225,456</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,944,787	5,172,837
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(60,177)	693,232
Depreciation for year in excess of capital allowances	-	(8,035)
Dividends from UK companies	(2,026,988)	(6,022,694)
Other differences leading to an increase (decrease) in the tax charge	924	-
<b>Total tax charge for the year</b>	<u>(141,454)</u>	<u>(164,660)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 January 2019	432,179
Additions	134,449
	<hr/>
At 31 December 2019	566,628
	<hr/>
<b>Amortisation</b>	
Charge for the year on owned assets	132,944
	<hr/>
At 31 December 2019	132,944
	<hr/>
<b>Net book value</b>	
At 31 December 2019	<u>433,684</u>
<i>At 31 December 2018</i>	<u>432,179</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets

	Computer equipment £
<b>Cost or valuation</b>	
At 1 January 2019	198,391
Additions	266,675
	<hr/>
At 31 December 2019	465,066
	<hr/>
<b>Depreciation</b>	
At 1 January 2019	91,506
Charge for the year on owned assets	85,311
	<hr/>
At 31 December 2019	176,817
	<hr/>
<b>Net book value</b>	
At 31 December 2019	<u>288,249</u>
<i>At 31 December 2018</i>	<u>106,885</u>

14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2019	8,013,653
Additions	788
	<hr/>
At 31 December 2019	<u>8,014,441</u>

**CHAPMAN FREEBORN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Chapman Freeborn Airchartering Limited	UK	Ordinary	100 %
Chapman Freeborn Airchartering (China) Limited	UK	Ordinary	100 %
Wings 24 Limited	UK	Ordinary	100 %
Zeusbond Limited	UK	Ordinary	75 %
Intradco Cargo Services Limited	UK	Ordinary	75 %
Logik Logistics International Limited	UK	Ordinary	80 %
Magma Aviation Limited	UK	Ordinary	75 %
Alltrans Management Pty Ltd	Australia	Ordinary	100 %
Chapman Freeborn Airchartering Limited	Afghanistan	Ordinary	100 %
Chapman Freeborn Airchartering BVBA	Belgium	Ordinary	80 %
Chapman Freeborn Airchartering Limited	Canada	Ordinary	100 %
Chapman Freeborn Airchartering Consulting (Shanghai) Co. Ltd	China	Ordinary	100 %
Chapman Freeborn Patrimoine SCI	France	Ordinary	100 %
Chapman Freeborn Airmarketing GmbH	Germany	Ordinary	100 %
Chapman Freeborn Airchartering GmbH	Germany	Ordinary	100 %
Chapman Freeborn OBC Holdings GmbH	Germany	Ordinary	100 %
Chapman Freeborn OBC GmbH	Germany	Ordinary	100 %
Chapman Freeborn Airchartering Limited	Hong Kong	Ordinary	100 %
Chapman Freeborn Handcarry Limited	Hong Kong	Ordinary	100 %
Chapman Freeborn Airchartering Pvt Limited	India	Ordinary	100 %
Al Tajer Al Hur Company Ltd (Free Merchant Services)	Iraq	Ordinary	100 %
Chapman Freeborn Airchartering Poland SP Z.o.o	Poland	Ordinary	85 %
Chapman Freeborn Airchartering Pte Limited	Singapore	Ordinary	100 %
Chapman Freeborn Airchartering (South Africa) Proprietary Limited	South Africa	Ordinary	100 %
Chapman Freeborn Airchartering SL	Spain	Ordinary	100 %
Chapman Freeborn Havacilik Tasimacilik Ticaret Limited Sirketi	Turkey	Ordinary	100 %
Chapman Freeborn Aviation Services Fze	UAE	Ordinary	100 %
Chapman Freeborn Aviation Services FZCO	UAE	Ordinary	100 %

Chapman Freeborn OBC Inc	USA	Ordinary	%	100
Chapman Freeborn Airchartering Inc	USA	Ordinary	%	100
			%	

The registered office addresses of the above subsidiaries can be obtained from the registered office address of Chapman Freeborn International Limited.

CHAPMAN FREEBORN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Debtors

	2019 £	2018 £
Trade debtors	5,543	-
Amounts owed by group undertakings	17,643,513	9,452,026
Other debtors	212,084	456,620
Prepayments and accrued income	188,893	244,898
	<u>18,050,033</u>	<u>10,153,544</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	62,103	3,122,289
	<u>62,103</u>	<u>3,122,289</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	69,734	119,476
Amounts owed to group undertakings	116,592	2,637,980
Other taxation and social security	2,163,003	-
Accruals and deferred income	37,455	32,942
	<u>2,386,784</u>	<u>2,790,398</u>

18. Deferred taxation

	2019 £
At beginning of year	(37,693)
Charged to profit or loss	(46,397)
At end of year	<u>(84,090)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	84,090	37,693
	<u>84,090</u>	<u>37,693</u>

19. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
100,000 (2018 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

20. Reserves

**Profit and loss account**

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

21. 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 immediate parent company and are publicly available.

22. 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 Airchartering Limited, Chapman Freeborn Holdings Limited, Intradco Cargo Services Limited and Wings 24 Limited.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**23. Controlling party**

The immediate UK parent company is Chapman Freeborn Holdings 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.