



**B a a g ø e | S c h o u**

statsautoriseret revisionsaktieselskab

**Ballonflyverne ApS**  
Østergade 1, 2. sal, 1100 København K

Company reg. no. 29 39 09 24

**Annual report**

**2017**

The annual report have been submitted and approved by the general meeting on the 28 June 2018.

**Karsten Funk**  
Chairman of the meeting



## Contents

---

|                                                        | <u>Page</u> |
|--------------------------------------------------------|-------------|
| <b>Reports</b>                                         |             |
| Management's report                                    | 1           |
| Auditor's report on compilation of the annual accounts | 2           |
| <b>Management's review</b>                             |             |
| Company data                                           | 3           |
| Management's review                                    | 4           |
| <b>Annual accounts 1 January - 31 December 2017</b>    |             |
| Accounting policies used                               | 5           |
| Profit and loss account                                | 8           |
| Balance sheet                                          | 9           |
| Notes                                                  | 11          |

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.



## **Management's report**

---

The managing director has today presented the annual report of Ballonflyverne ApS for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

The managing director considers the requirements of omission of audit of the annual accounts for 2017 as met.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København K, 28 June 2018

**Managing Director**

Karsten Max Georg Funk



## **Auditor's report on compilation of the annual accounts**

---

### **To the shareholder of Ballonflyverne ApS**

We have compiled the annual accounts of Ballonflyverne ApS for the period 1 January to 31 December 2017 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 28 June 2018

### **Baagø | Schou**

State Authorised Public Accountants  
Company reg. no. 21 14 81 48

Torben B. Petersen  
State Authorised Public Accountant  
MNE-nr. 34097



## Company data

---

### **The company**

Ballonflyverne ApS  
Østergade 1, 2. sal  
1100 København K

Company reg. no. 29 39 09 24  
Domicile: Taastrup  
Financial year: 1 January - 31 December

### **Managing Director**

Karsten Max Georg Funk

### **Auditors**

Baagøe | Schou  
statsautoriseret revisionsaktieselskab  
Fiolstræde 44, 3. th.  
1171 København K

### **Parent company**

Aeolus Aviation GmbH



## Management's review

---

### **The principal activities of the company**

The significant activities of the enterprise are passenger flight with hot air balloons.

### **Unusual matters**

During the financial year 2013 the director of the company sadly past away. With him he took the knowledge of most of the company's history, agreements and the ongoing handling of the business affairs.

During the year 2013 the company has been bought by the German balloon flying group Aeolus Aviation GmbH under the management Karsten Max Georg Funk, who is now in charge of the company.

### **Uncertainties as to recognition or measurement**

Due to the unusual way the business affairs were handed over to the new management, there has been some challenges in achieving the overview of the financial obligations and agreements.

The financial statements are drawn out accordingly to the best knowledge of the management, but there are some uncertainty regarding the measurement of the liabilities of the company..

### **Development in activities and financial matters**

The gross profit for the year is DKK m against DKK m last year. The results from ordinary activities after tax are DKK m against DKK m last year. The development must be seen in the light of the fact that according to the annual report for 2016 the company expected a gross profit for 2017 at a level of DKK m and ordinary results after tax of DKK m. The management consider the results unsatisfactory.

The management is aware that the contributed capital has been lost and is proposing that the capital will be recovered by future profits of the activities of the company. The Parent Company is prepared to invest in the company in 2017 to get the activities back on getting profitable.



## **Accounting policies used**

---

The annual report for Ballonflyverne ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.



## **Accounting policies used**

---

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

### **The profit and loss account**

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

#### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

#### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.





## Accounting policies used

---

### The balance sheet

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

|                                       |                    |
|---------------------------------------|--------------------|
|                                       | <i>Useful life</i> |
| <i>Technical plants and machinery</i> | <i>5-10 years</i>  |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### **Liabilities**

Liabilities are measured at amortised cost which usually corresponds to the nominal value.



## Profit and loss account 1 January - 31 December

---

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

| <u>Note</u>                                                  | <u>2017</u>   | <u>2016</u> |
|--------------------------------------------------------------|---------------|-------------|
| <b>Gross profit</b>                                          | <b>22.855</b> | <b>-6</b>   |
| Depreciation and writedown relating to tangible fixed assets | -12.259       | -34         |
| <b>Results before net financials</b>                         | <b>10.596</b> | <b>-40</b>  |
| Other financial costs                                        | -15.995       | 0           |
| <b>Results before tax</b>                                    | <b>-5.399</b> | <b>-40</b>  |
| 2 Tax on ordinary results                                    | 0             | 0           |
| <b>Results for the year</b>                                  | <b>-5.399</b> | <b>-40</b>  |
| <b>Proposed distribution of the results:</b>                 |               |             |
| Allocated from results brought forward                       | -5.399        | -40         |
| <b>Distribution in total</b>                                 | <b>-5.399</b> | <b>-40</b>  |



## Balance sheet 31 December

---

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

| <b>Assets</b>       |                                                            |                      |                  |
|---------------------|------------------------------------------------------------|----------------------|------------------|
| <u>Note</u>         |                                                            | <u>2017</u>          | <u>2016</u>      |
| <b>Fixed assets</b> |                                                            |                      |                  |
| 3                   | Other plants, operating assets, and fixtures and furniture | <u>65.256</u>        | <u>41</u>        |
|                     | Tangible fixed assets in total                             | <u>65.256</u>        | <u>41</u>        |
|                     | <b>Fixed assets in total</b>                               | <u><b>65.256</b></u> | <u><b>41</b></u> |
|                     | <b>Assets in total</b>                                     | <u><b>65.256</b></u> | <u><b>41</b></u> |



## Balance sheet 31 December

---

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

| <u>Note</u>                            | <u>2017</u>     | <u>2016</u> |
|----------------------------------------|-----------------|-------------|
| <b>Equity and liabilities</b>          |                 |             |
| <b>Equity</b>                          |                 |             |
|                                        | 125.000         | 125         |
| 4 Results brought forward              | -611.083        | -606        |
| <b>Equity in total</b>                 | <b>-486.083</b> | <b>-481</b> |
| <b>Liabilities</b>                     |                 |             |
| Prepayments received from customers    | 162.000         | 162         |
| Debt to group enterprises              | 296.300         | 287         |
| Long-term liabilities in total         | 458.300         | 449         |
| Trade creditors                        | 52.150          | 48          |
| Other debts                            | 40.889          | 25          |
| Short-term liabilities in total        | 93.039          | 73          |
| <b>Liabilities in total</b>            | <b>551.339</b>  | <b>522</b>  |
| <b>Equity and liabilities in total</b> | <b>65.256</b>   | <b>41</b>   |

- 1 Uncertainties concerning the enterprise's ability to continue as a going concern
- 5 Mortgage and securities
- 6 Contingencies



## Notes

---

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

### 1. Uncertainties concerning the enterprise's ability to continue as a going concern

The management is aware that the contributed capital has been lost and is proposing that the capital will be recovered by future profits of the activities of the company. The Parent Company is prepared to invest in the company in 2018 to get the activities back on getting profitable.

|                                                                      | <u>2017</u>            | <u>2016</u>        |
|----------------------------------------------------------------------|------------------------|--------------------|
| <b>2. Tax on ordinary results</b>                                    |                        |                    |
| Tax of the results for the year, parent company                      | 0                      | 0                  |
| Adjustment for the year of deferred tax                              | <u>0</u>               | <u>0</u>           |
|                                                                      | <b>0</b>               | <b>0</b>           |
| <b>3. Other plants, operating assets, and fixtures and furniture</b> |                        |                    |
| Cost 1 January 2017                                                  | 171.578                | 1.658              |
| Additions during the year                                            | 69.004                 | 0                  |
| Disposals during the year                                            | <u>-134.649</u>        | <u>-1.487</u>      |
| <b>Cost 31 December 2017</b>                                         | <b><u>105.933</u></b>  | <b><u>171</u></b>  |
| Depreciation and writedown 1 January 2017                            | -130.145               | -1.582             |
| Depreciation and writedown for the year                              | -12.259                | -35                |
| Depreciation and writedown, assets disposed of                       | <u>101.727</u>         | <u>1.487</u>       |
| <b>Depreciation and writedown 31 December 2017</b>                   | <b><u>-40.677</u></b>  | <b><u>-130</u></b> |
| <b>Book value 31 December 2017</b>                                   | <b><u>65.256</u></b>   | <b><u>41</u></b>   |
| <b>4. Results brought forward</b>                                    |                        |                    |
| Results brought forward 1 January 2017                               | -605.684               | -566               |
| Profit or loss for the year brought forward                          | <u>-5.399</u>          | <u>-40</u>         |
|                                                                      | <b><u>-611.083</u></b> | <b><u>-606</u></b> |
| <b>5. Mortgage and securities</b>                                    |                        |                    |
| No mortgages, padges or collaterals rest with the company etc        |                        |                    |



## Notes

---

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

### **6. Contingencies**

The company has in the past three years sold gift certificates for balloon flights. However, it has not been possible to calculate the exact number of unredeemed gift certificates at the reporting date,

so there may be an obligation to these unredeemed gift cards. The management expects that the unredeemed gift cards will be honored upon delivery of flights.