

Company registered number: 04028491

**AIR CHARTER SERVICE GROUP LIMITED**  
ANNUAL REPORT AND FINANCIAL STATEMENTS



YEAR ENDING 31 JANUARY 2017

# **AIR CHARTER SERVICE GROUP LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**THE BOARD OF DIRECTORS****CHRISTOPHER LEACH****CHRISTINE LEACH****JUSTIN BOWMAN****RUAN COURTNEY****STEWART PITT****JUSTIN LANCASTER****WILLIAM CHRISTIE****REGISTERED OFFICE**

Millbank House  
171-185 Ewell Road  
Surrey  
Surrey  
KT6 6AP

**REGISTERED NUMBER**

04028491

**AUDITOR**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## CHAIRMAN'S STATEMENT

I am pleased to report on another strong set of results for the year, with group turnover up 8% on last year to £342m.

The Board continues to pursue a number of strategies, all directed at our overall goal – to become the leading air charter brokerage house in the world.

Our industry is an intellectual value-added service and we are only as good as our last flight. As a result, training of our staff to deliver an industry leading service for every sector in which we operate is essential to grow the business through customer acquisition and retention. This is an area that has been a focus of the board over the last financial year and one that we believe has contributed to a strong set of results in FY17. Our investment in technology has resulted in costs in the current year, however, we do not expect to see the full return on this investment until a number of large projects are completed.

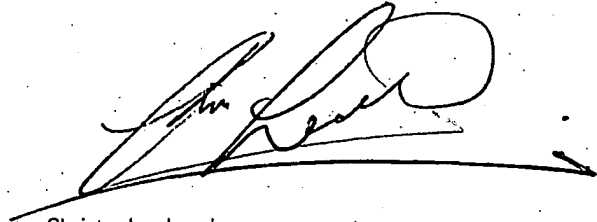
Our two passenger departments both showed strong growth, with turnover of our Executive Jets department up 19% and our Commercial Jets up 25%. Our Cargo division volume of charters increased 6%, although turnover was down slightly due to a large short term programme of flights inflating numbers in FY16.

Our EBITDA result (earnings before interest, tax, depreciation and amortisation) was a healthy £6.9m, slightly down on last year as we focus on long term growth over short term profits as we continued to invest in technology, marketing and above all, the recruitment and training of new staff.

The group continues to develop its global reach successfully – our new office in Sydney commenced trading during the year and is already profitable.

The group retains a strong balance sheet - our cash position at the year end was just under £13.4m, including £2.5m from our Jetcard customers which we hold in separate bank accounts on behalf of our clients.

Our recent management figures indicate that strong growth continues into the current year, which is testament to the board's goal of becoming the global leader in the aircraft charter broker industry.



Christopher Leach  
Chairman

27 October 2017

## STRATEGIC REPORT

### BUSINESS REVIEW

The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker.

The results for the year are set out in the consolidated income statement on page 9 of these financial statements and a review can be found in the Chairman's statement.

The Group's financial and non-financial KPIs were as follows:

|                 | 2017   | 2016   |
|-----------------|--------|--------|
| Gross profit    | £41.9m | £39.4m |
| EBITDA          | £6.9m  | £8.0m  |
| Charter flights | 11,027 | 10,242 |

### RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of group policies and procedures which are subject to board approval and ongoing review by management. Risks are monitored and mitigated through regular review of financial performance at Board level and the use of professional advisors where appropriate. Further details of the Group's financial risk management objectives and policies are included in note 16 to the accounts.

Given the ad-hoc nature of the air charter market, forward visibility is limited as our clients book charter flights on relatively short notice. Working capital requirements can fluctuate significantly due to variations in client and supplier payment terms from one period to the next. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

Approved by the Board of Directors on 27 October 2017.



Stewart Pitt  
Director

## DIRECTORS' REPORT

The directors present their report and the financial statements of the Group for the year ended 31 January 2017.

### RESULTS AND DIVIDENDS

Profit after taxation for the period was £4.9 million (2016: £4.8 million) and dividends paid during the year were £2.6 million (2016: £3.5 million).

There were no political donations during the current or prior period.

### DIRECTORS

The directors who served the company during the year were as follows:

Christopher Leach  
Christine Leach  
Justin Bowman  
Ruan Courtney  
Stewart Pitt  
Justin Lancaster  
Tamsin Simmons (resigned 15 September 2017)  
William Christie  
Charles Prescott (resigned 11 January 2017)

### STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 to set out within the group's strategic report that information required by Schedule 7 of the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

### GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

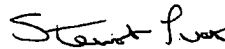
The directors who held office at date of approval of this report confirm that in so far as the directors are each aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### AUDITOR

KPMG LLP was appointed as auditor during this period and have expressed their willingness to continue in office and a resolution approving the re-appointment of them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 27 October 2017.



Stewart Pitt  
Director

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law. 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 the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards adopted by the EU have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR CHARTER SERVICE GROUP LIMITED

We have audited the financial statements of Air Charter Service Group Limited for the year ended 31 January 2017, set out on pages 9 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been

properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report,:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Steve Masters (Senior Statutory Auditor)

For and on behalf of  
KPMG LLP, Statutory Auditor  
15 Canada Square  
London  
E14 5GL

31 October 2017



## FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

| GROUP                   | Note | 2017<br>£'000 | 2016<br>£'000 |
|-------------------------|------|---------------|---------------|
| Revenue                 | 2    | 341,648       | 315,753       |
| Cost of sales           |      | (299,760)     | (276,326)     |
| Gross profit            |      | 41,888        | 39,427        |
| Administrative expenses |      | (36,237)      | (32,580)      |
| Operating profit        | 3    | 5,651         | 6,847         |
| Finance income          |      | 14            | 12            |
| Finance costs           |      | (58)          | (19)          |
| Profit before tax       |      | 5,607         | 6,840         |
| Tax                     | 6    | (679)         | (2,021)       |
| Profit for the year     |      | 4,928         | 4,819         |

#### OTHER COMPREHENSIVE INCOME

|  |  |       |       |
|--|--|-------|-------|
| Exchange differences on translating foreign operations |  | 310   | (25)  |
| Total comprehensive income for the year                |  | 5,238 | 4,794 |

#### Profit for the year attributable to:

|                              |  |       |       |
|------------------------------|--|-------|-------|
| Equity holders of the parent |  | 4,883 | 4,841 |
| Non-Controlling Interests    |  | 45    | (22)  |
|                              |  | 4,928 | 4,819 |

#### Total comprehensive income for the year attributable to:

|                              |  |       |       |
|------------------------------|--|-------|-------|
| Equity holders of the parent |  | 5,193 | 4,816 |
| Non-Controlling Interests    |  | 45    | (22)  |
|                              |  | 5,238 | 4,794 |

The results for the current and prior year are derived from continuing operations.

The accompanying notes on pages 16 to 35 form part of these financial statements.

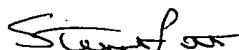
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| GROUP   | Note | 2017<br>£'000   | 2016<br>£'000<br>(restated - note 24) |
|---|------|-----------------|---------------------------------------|
| <b>ASSETS</b>                                       |      |                 |                                       |
| <b>Non-current assets</b>                           |      |                 |                                       |
| Property, plant and equipment                       | 10   | 2,375           | 2,332                                 |
| Intangible assets                                   | 11   | 744             | 769                                   |
| Deferred tax asset                                  | 7    | 151             | 119                                   |
| <b>Total non-current assets</b>                     |      | <b>3,270</b>    | <b>3,220</b>                          |
| <b>Current assets</b>                               |      |                 |                                       |
| Trade and other receivables                         | 13   | 42,648          | 30,061                                |
| Current tax asset                                   |      | 419             | 145                                   |
| Cash and cash equivalents                           | 8    | 13,364          | 12,439                                |
| <b>Total current assets</b>                         |      | <b>56,431</b>   | <b>42,645</b>                         |
| <b>Total assets</b>                                 |      | <b>59,701</b>   | <b>45,865</b>                         |
| <b>LIABILITIES</b>                                  |      |                 |                                       |
| <b>Non-current liabilities</b>                      |      |                 |                                       |
| Deferred tax liability                              | 7    | (154)           | (171)                                 |
| Provisions  | 15   | (199)           | (199)                                 |
| <b>Total non current liabilities</b>                |      | <b>(353)</b>    | <b>(370)</b>                          |
| <b>Current liabilities</b>                          |      |                 |                                       |
| Trade and other payables                            | 14   | (46,213)        | (36,698)                              |
| Short term trade loan                               | 17   | (2,126)         |                                       |
| Current tax liabilities                             |      | (321)           | (820)                                 |
| <b>Total current liabilities</b>                    |      | <b>(48,660)</b> | <b>(37,518)</b>                       |
| <b>Total liabilities</b>                            |      | <b>(49,013)</b> | <b>(37,888)</b>                       |
| <b>NET ASSETS</b>                                   |      | <b>10,688</b>   | <b>7,977</b>                          |
| <b>EQUITY</b>                                       |      |                 |                                       |
| Called up share capital                             | 19   | 236             | 236                                   |
| Share premium account                               |      | 290             | 290                                   |
| Share option reserve                                |      | -               | 242                                   |
| Translation reserve                                 |      | (56)            | (366)                                 |
| Own shares  | 20   | -               | (349)                                 |
| Retained earnings                                   |      | 10,098          | 7,861                                 |
| <b>Attributable to equity holders of the parent</b> |      | <b>10,568</b>   | <b>7,914</b>                          |
| Non-Controlling Interest                            |      | 120             | 63                                    |
| <b>TOTAL EQUITY</b>                                 |      | <b>10,688</b>   | <b>7,977</b>                          |

The accompanying notes on pages 16 to 35 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2017.

Signed on behalf of the Board by:



Stewart Pitt

Company registration number: 04028491

Year Ended 31 January 2017

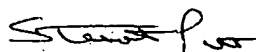
**COMPANY STATEMENT OF FINANCIAL POSITION**

| COMPANY                     | Note | 2017<br>£'000  | 2016<br>£'000 |
|-----------------------------|------|----------------|---------------|
| <b>ASSETS</b>               |      |                |               |
| <b>Non-current assets</b>   |      |                |               |
| Investments in subsidiaries | 12   | 2,886          | 2,545         |
| <b>Current assets</b>       |      |                |               |
| Trade and other receivables | 13   | 2,451          | 568           |
| Cash and cash equivalents   |      | -              | 2             |
| <b>Total assets</b>         |      | <b>5,337</b>   | <b>3,115</b>  |
| <b>LIABILITIES</b>          |      |                |               |
| <b>Current liabilities</b>  |      |                |               |
| Trade and other payables    | 14   | (1,840)        | (243)         |
| Current tax liabilities     |      | -              | (68)          |
| <b>Total liabilities</b>    |      | <b>(1,840)</b> | <b>(311)</b>  |
| <b>NET ASSETS</b>           |      | <b>3,497</b>   | <b>2,804</b>  |
| <b>EQUITY</b>               |      |                |               |
| Called up share capital     | 19   | 236            | 236           |
| Share premium account       |      | 290            | 290           |
| Share option reserve        |      | -              | 215           |
| Own shares                  | 20   | (48)           | (349)         |
| Retained earnings           |      | 3,019          | 2,412         |
| <b>TOTAL EQUITY</b>         |      | <b>3,497</b>   | <b>2,804</b>  |

The accompanying notes on pages 16 to 35 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2017.

Signed on behalf of the Board by:



Stewart Pitt

Company registration number: 04028491

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| GROUP  | Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Share<br>Option<br>Reserve<br>£'000 | Translation<br>Reserve<br>£'000 | Own<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 | Non-<br>Controlling<br>Interest<br>£'000 | Total<br>Equity<br>£'000 |
|--|---------------------------|--------------------------------------|-------------------------------------|---------------------------------|------------------------|-------------------------------|----------------|--|--------------------------|
| <b>CURRENT YEAR</b>                                      |                           |                                      |                                     |                                 |                        |                               |                |  |                          |
| At 1 February 2016                                       | 236                       | 290                                  | 242                                 | (366)                           | (349)                  | 7,861                         | 7,914          | 63                                       | 7,977                    |
| New shares issued  | -                         | -                                    | -                                   | -                               | -                      | -                             | -              | -  | -                        |
| Exchange difference on translation of foreign operations | -                         | -                                    | -                                   | 310                             | -                      | -                             | 310            | 12                                       | 322                      |
| Fair value cost of options                               | -                         | -                                    | 35                                  | -                               | -                      | -                             | 35             | -  | 35                       |
| Fair value of options exercised                          | -                         | -                                    | (277)                               | -                               | -                      | -                             | (277)          | -  | (277)                    |
| Dividends paid   | -                         | -                                    | -                                   | -                               | -                      | (2,596)                       | (2,596)        | -  | (2,596)                  |
| Comprehensive income                                     | -                         | -                                    | -                                   | -                               | -                      | 4,883                         | 4,883          | 45                                       | 4,928                    |
| Movement in own shares                                   | -                         | -                                    | -                                   | -                               | 349                    | (50)                          | 299            | -  | 299                      |
| <b>At 31 January 2017</b>                                | <b>236</b>                | <b>290</b>                           | <b>-</b>                            | <b>(56)</b>                     | <b>-</b>               | <b>10,098</b>                 | <b>10,568</b>  | <b>120</b>                               | <b>10,688</b>            |
| <b>PRIOR YEAR</b>  |                           |                                      |                                     |                                 |                        |                               |                |  |                          |
| At 1 February 2015                                       | 236                       | 290                                  | 234                                 | (341)                           | (333)                  | 6,427                         | 6,513          | 92                                       | 6,605                    |
| New shares issued  | -                         | -                                    | -                                   | -                               | -                      | -                             | -              | -  | -                        |
| Exchange difference on translation of foreign operations | -                         | -                                    | -                                   | (25)                            | -                      | -                             | (25)           | (7)                                      | (32)                     |
| Fair value cost of options                               | -                         | -                                    | 23                                  | -                               | -                      | -                             | 23             | -  | 23                       |
| Fair value of options exercised                          | -                         | -                                    | (43)                                | -                               | -                      | 43                            | -              | -  | -                        |
| Dividends paid   | -                         | -                                    | -                                   | -                               | -                      | (3,450)                       | (3,450)        | -  | (3,450)                  |
| Comprehensive income                                     | -                         | -                                    | -                                   | -                               | -                      | 4,841                         | 4,841          | (22)                                     | 4,819                    |
| Movement in own shares                                   | -                         | -                                    | 28                                  | -                               | (16)                   | -                             | 12             | -  | 12                       |
| <b>At 31 January 2016</b>                                | <b>236</b>                | <b>290</b>                           | <b>242</b>                          | <b>(366)</b>                    | <b>(349)</b>           | <b>7,861</b>                  | <b>7,914</b>   | <b>63</b>                                | <b>7,977</b>             |

The accompanying notes on pages 16 to 35 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**

| COMPANY                         | Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Share<br>Option<br>Reserve<br>£'000 | Own<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 |
|---------------------------------|---------------------------|--------------------------------------|-------------------------------------|------------------------|-------------------------------|----------------|
| <b>CURRENT YEAR</b>             |                           |                                      |                                     |                        |                               |                |
| At 1 February 2016              | 236                       | 290                                  | 215                                 | (349)                  | 2,412                         | 2,804          |
| New shares issued               | -                         | -                                    | -                                   | -                      | -                             | -              |
| Fair value cost of options      | -                         | -                                    | 35                                  | -                      | -                             | 35             |
| Fair value of options exercised | -                         | -                                    | (250)                               | -                      | 250                           | -              |
| Dividends paid                  | -                         | -                                    | -                                   | -                      | (2,596)                       | (2,596)        |
| Profit for the year             | -                         | -                                    | -                                   | -                      | 3,254                         | 3,254          |
| Movement in own shares          | -                         | -                                    | -                                   | 301                    | (301)                         | -              |
| At 31 January 2017              | 236                       | 290                                  | -                                   | (48)                   | 3,019                         | 3,497          |
| <b>PRIOR YEAR</b>               |                           |                                      |                                     |                        |                               |                |
| At 1 February 2015              | 236                       | 290                                  | 234                                 | (333)                  | 1,479                         | 1,906          |
| New shares issued               | -                         | -                                    | -                                   | -                      | -                             | -              |
| Fair value cost of options      | -                         | -                                    | 24                                  | -                      | -                             | 24             |
| Fair value of options exercised | -                         | -                                    | (43)                                | -                      | 43                            | -              |
| Dividends paid                  | -                         | -                                    | -                                   | -                      | (3,450)                       | (3,450)        |
| Profit for the year             | -                         | -                                    | -                                   | -                      | 4,340                         | 4,340          |
| Movement in own shares          | -                         | -                                    | -                                   | (16)                   | -                             | (16)           |
| At 31 January 2016              | 236                       | 290                                  | 215                                 | (349)                  | 2,412                         | 2,804          |

The accompanying notes on pages 16 to 35 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| GROUP   | 2017<br>£'000  | 2016<br>£'000<br>(restated - note 24) |
|---|----------------|---------------------------------------|
| <b>RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS</b>         |                |                                       |
| Profit for the year   | 4,928          | 4,819                                 |
| Taxation  | 679            | 2,021                                 |
| Financial income  | (14)           | (12)                                  |
| Financial costs   | 58             | 19                                    |
| Depreciation and amortisation                                   | 1,206          | 922                                   |
| Loss on disposal of property, plant & equipment                 | 2              | 30                                    |
| Foreign exchange difference                                     | 334            | (32)                                  |
| Movement on provisions  |                | 17                                    |
| Share based payment expense                                     | 35             | 24                                    |
| <b>Operating cash flows before movements in working capital</b> | <b>7,228</b>   | <b>7,808</b>                          |
| Increase in receivables   | (12,587)       | (3,809)                               |
| Increase in payables  | 9,515          | 5,877                                 |
| <b>Cash generated from operations</b>                           | <b>4,156</b>   | <b>9,876</b>                          |
| Tax paid  | (1,501)        | (914)                                 |
| <b>Net cash generated from operating activities</b>             | <b>2,655</b>   | <b>8,962</b>                          |
| <b>INVESTING ACTIVITIES</b>                                     |                |                                       |
| Interest received   | 14             | 12                                    |
| Purchases of plant, property and equipment                      | (881)          | (1,196)                               |
| Purchases of intangibles  | (356)          | (590)                                 |
| <b>Net cash used in investing activities</b>                    | <b>(1,223)</b> | <b>(1,774)</b>                        |
| <b>FINANCING ACTIVITIES</b>                                     |                |                                       |
| Purchase of own shares  |                | (128)                                 |
| Trade loan proceeds   | 2,126          |                                       |
| Interest paid   | (58)           | (19)                                  |
| Net proceeds from shares issued                                 | 21             | 140                                   |
| Dividends paid  | (2,596)        | (3,450)                               |
| <b>Net cash used in financing activities</b>                    | <b>(507)</b>   | <b>(3,457)</b>                        |
| <b>Net increase in cash and cash equivalents</b>                | <b>925</b>     | <b>3,731</b>                          |
| Cash and cash equivalents at the beginning of the year          | 12,439         | 8,708                                 |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>13,364</b>  | <b>12,439</b>                         |

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 16 to 35 form part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS**

| COMPANY   | 2017<br>£'000  | 2016<br>£'000  |
|---|----------------|----------------|
| Profit for the year                                     | 3,254          | 4,340          |
| Tax charge  | (23)           | 64             |
| Share based payment expense                             | -              | 24             |
| Reversal of impairment                                  | (337)          | -              |
| (Increase) in receivables                               | (1,883)        | (458)          |
| Increase / (Decrease) in payables                       | 1,597          | (88)           |
| <b>Cash used from operations</b>                        | <b>2,608</b>   | <b>3,882</b>   |
| Tax paid  | (44)           | -              |
| <b>Net cash used operating activities</b>               | <b>2,564</b>   | <b>3,882</b>   |
| <b>INVESTING ACTIVITIES</b>                             |                |                |
| Investment in subsidiaries                              | -              | (418)          |
| Disposal proceeds                                       | 30             | -              |
| <b>Net cash from investing activities</b>               | <b>30</b>      | <b>(418)</b>   |
| <b>FINANCING ACTIVITIES</b>                             |                |                |
| Purchase of own shares                                  | -              | (16)           |
| Dividends paid  | (2,596)        | (3,450)        |
| <b>Net cash used in financing activities</b>            | <b>(2,596)</b> | <b>(3,466)</b> |
| <b>Net decrease in cash and cash equivalents</b>        | <b>(2)</b>     | <b>(2)</b>     |
| Cash and cash equivalents at the beginning of the year  | 2              | 4              |
| <b>Cash and cash equivalents at the end of the year</b> | <b>-</b>       | <b>2</b>       |

Cash and cash equivalents represent the sum of the company's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 16 to 35 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of accounting

Air Charter Service Group Limited is an unlisted limited company incorporated and registered in England in the UK. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as interpreted by any regulatory bodies applicable to the company as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

The registered office of the company is Millbank House, 171-185 Ewell Road, Surbiton, Surrey, KT6 6AP. The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

In accordance with the exemptions permitted by Section 408 of the Companies Act 2006 the income statement of the company has not been presented. In the accounts of the company the profit for the financial year amounted to £3.2m (2016: £4.3m profit) and the net profit recognised directly in equity (net of dividends) amounted to £0.7m (2016: £0.9m).

#### Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2017. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

The Group consolidated financial statements incorporate the financial statements of Air Charter Service Group Limited and its subsidiary undertakings. As permitted by Companies Act 2006, a separate income statement is not presented in respect of the company.

#### Key accounting judgements and sources of estimation uncertainty

The Group makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 January 2017 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of

causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### Revenue recognition

The revenue shown in the income statement represents revenue in respect of flights undertaken during the year, exclusive of Value Added Tax. Revenue is recognised when a flight commences as the economic benefits are deemed to have passed to the customer at this point. Revenue on multi-sector charters is recognised on commencement of the first sector. Amounts invoiced to customers in respect of future flights are deferred at the balance sheet date.

#### Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of an asset, over their estimated useful lives, using the straight-line method as follows:

|                        |                                    |
|------------------------|------------------------------------|
| Leasehold improvements | over the period of the leases      |
| Motor vehicles         | 25% per annum straight line        |
| Fixtures and fittings  | 25% per annum straight line        |
| Computer equipment     | 33% or 20% per annum straight line |

Residual values and useful economic lives are reviewed annually. Property, plant and equipment are assessed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an impairment review is deemed necessary, it is performed in accordance with the policies set out below.

#### Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (continued)

#### Impairment of tangible and intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

Amortisation costs are included in the income statement within administrative expenses.

#### Investments

Investments are stated at cost less any provision for impairment in value.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The Group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group income statement.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the

accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### Trade receivables

Trade receivables do not carry any interest and are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. During the year the Group acted on behalf of clients subscribing to its Jetcard product, holding advance payments made in anticipation of future bookings within separately designated bank accounts established for this purpose. At the year end, the Group held cash for members of the Scheme amounting to £2.5 million (2016: £2.3 million) which is designated 'restricted cash' (see notes 8 and 24).

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING POLICIES (continued)

#### *Financial liabilities and equity (continued)*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### *Bank borrowings*

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate 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.

#### *Trade payables*

Trade payables are not interest bearing and are stated at their nominal value.

#### *Equity instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### *Foreign currency*

##### *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the translation based on a monthly average rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction.

##### *Financial statements of foreign operations*

On consolidation the assets and liabilities of overseas foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. On disposal of a foreign entity, the deferred accumulated amount recognised in equity relating to that particular foreign operation is recognised in the income statement. The Group has taken advantage of the exemption conferred by IFRS1 not to fully retrospectively apply IAS 21. The gain or loss on disposal of these operations therefore excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

#### *Functional and presentation currency*

The historical financial information is presented in Pounds Sterling and in round thousands, which is the Group's functional and presentation currency.

#### *Share-based payments*

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group operates an equity-settled share-based payment scheme under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group has also applied the requirements of IFRIC 11, requiring an entry to a separate capital account (entitled Capital Contribution in the financial statements) based on the share based payment expense recognised to date.

#### *Intangible assets*

Intangible assets (software development costs) are stated at cost, net of amortisation and any recognised impairment loss. Amortisation is calculated so as to write off the cost of an asset over its estimated useful life of 3 years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. REVENUE

Analysis of the Group's revenue, based on the location of assets used to generate revenue, is as follows:

|               | 2017<br>£'000 | 2016<br>£'000 |
|---------------|---------------|---------------|
| UK            | 94,723        | 79,056        |
| Americas      | 69,351        | 70,440        |
| Europe        | 50,045        | 40,454        |
| Rest of world | 127,529       | 125,803       |
|               | 341,648       | 315,753       |

### 3. OPERATING PROFIT

Operating profit is stated after charging:

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Staff costs (note 4)                                       | 22,372        | 19,643        |
| (Profit) / Loss on disposal of property, plant & equipment | 2             | 30            |
| Depreciation of owned fixed assets                         | 825           | 689           |
| Amortisation of intangible assets                          | 381           | 233           |
| Operating lease costs                                      | 3,016         | 2,210         |
| Foreign exchange (gains) / losses                          | (28)          | 125           |

#### Auditor's remuneration

Amounts paid to the auditors of the company:

|                                      | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------------|---------------|---------------|
| Audit of these financial statements  | 25            | 19            |
| Audit of subsidiaries                | 113           | 23            |
| Audit fees paid to other audit firms | 40            | 56            |
| Non audit services                   | 210           | 36            |
|                                      | 388           | 134           |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

|              | 2017<br>No. | 2016<br>No. |
|--------------|-------------|-------------|
| Sales        | 230         | 218         |
| Non-sales    | 109         | 100         |
| <b>Total</b> | <b>339</b>  | <b>318</b>  |

The aggregate payroll costs of the above were:

|                       | 2017<br>£'000 | 2016<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 19,798        | 17,538        |
| Share based payments  | 35            | 24            |
| Social security costs | 2,199         | 1,802         |
| Other pension costs   | 340           | 279           |
|                       | <b>22,372</b> | <b>19,643</b> |

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Emoluments receivable  | 1,359         | 1,406         |
| Value of company pension contributions to money purchase schemes | 86            | 117           |
| Share based payments   | 10            | 10            |
|  | <b>1,455</b>  | <b>1,533</b>  |

*Emoluments of highest paid director:*

|  |            |            |
|--|------------|------------|
| Total emoluments   | 321        | 327        |
| Value of company pension contributions to money purchase schemes | 7          | 40         |
|  | <b>328</b> | <b>367</b> |

|   | 2017<br>No. | 2016<br>No. |
|---|-------------|-------------|
| Number of directors who accrued benefits under a money purchase pension scheme: | 8           | 8           |

The directors are considered the key management personnel of the Group within the definition set out in IAS24.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. DIRECTORS' EMOLUMENTS (continued)

#### Share Options

The directors during the period and their beneficial interest in options to purchase ordinary shares in the Group were as follows:

|             | Issue Date   | Exercise Price (Pence) | Held at 31 Jan 2016 No. | Exercised during year No. | Held at 31 Jan 2017 No. |
|-------------|--------------|------------------------|-------------------------|---------------------------|-------------------------|
| S Pitt      | 18 June 2010 | 55.0                   | 56,417                  | (56,417)                  | -                       |
|             | 31 Jan 2014  | 10.0                   | 103,340                 | (103,340)                 | -                       |
|             | 12 Aug 2015  | 100.0                  | 47,204                  | (47,204)                  | -                       |
| T Simmons   | 20 May 2013  | 47.0                   | 41,880                  | (41,880)                  | -                       |
| J Lancaster | 23 July 2007 | 43.2                   | 45,880                  | (45,880)                  | -                       |
|             | 18 Feb 2008  | 34.0                   | 17,655                  | (17,655)                  | -                       |
|             | 31 Jan 2014  | 40.0                   | 8,000                   | (8,000)                   | -                       |
|             | 12 Aug 2015  | 100.0                  | 23,602                  | (23,602)                  | -                       |
| W Christie  | 20 May 2013  | 47.0                   | 8,560                   | (8,560)                   | -                       |
|             | 12 Aug 2015  | 100.0                  | 47,204                  | (47,204)                  | -                       |

### 6. TAXATION ON ORDINARY ACTIVITIES

The tax charge comprises:

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| (a) Tax charge:                             |               |               |
| In respect of the year:                     |               |               |
| UK Corporation tax                          | -             | 107           |
| Adjustment in respect of prior years        | (61)          | (23)          |
| Foreign tax                                 | 788           | 1,681         |
| <b>Total current tax</b>                    | <b>727</b>    | <b>1,765</b>  |
| Deferred tax (Note 7)                       | (48)          | 256           |
| <b>Tax on profit on ordinary activities</b> | <b>679</b>    | <b>2,021</b>  |

#### (b) Reconciliation of tax charge to profit per income statement:

|  |            |              |
|--|------------|--------------|
| Profit before taxation                       | 5,607      | 6,840        |
| Taxation at UK corporation tax rate of 20%   | 1,121      | 1,368        |
| Effects of:                                  |            |              |
| Expenses not deductible for tax              | -          | 29           |
| Deduction for options exercised              | (395)      | (10)         |
| Capital allowances in excess of depreciation | -          | (25)         |
| UK and overseas taxes at differing rates     | 101        | 366          |
| Adjustment in respect of prior years         | (61)       | 37           |
| Overseas loss relief                         | (87)       | -            |
| Deferred tax                                 | -          | 256          |
| <b>Total tax (note 6a)</b>                   | <b>679</b> | <b>2,021</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. TAXATION ON ORDINARY ACTIVITIES (continued)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was substantively enacted on 6 September 2016 to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future tax charge accordingly. The deferred tax assets & liabilities at the balance sheet date have been calculated based on a rate of 18%. There are unused tax losses carried forward within the Group of £2.2 million for which no deferred tax asset has been recognised.

### 7. DEFERRED TAX

#### (a) Deferred tax credit / (charge)

|   | Share based<br>payment<br>£'000 | Other timing<br>differences<br>£'000 | Overseas<br>tax losses<br>£'000 | Total<br>£'000 |
|---|---------------------------------|--------------------------------------|---------------------------------|----------------|
| <b>Current Year</b>                       |                                 |                                      |                                 |                |
| At 1 February 2016                        | 115                             | (166)                                | -                               | (51)           |
| Credit / (charge) to the income statement | (115)                           | 163                                  | -                               | 48             |
| At 31 January 2017                        | -                               | (3)                                  | -                               | (3)            |
| <b>Prior Year</b>                         |                                 |                                      |                                 |                |
| At 1 February 2015                        | 31                              | 61                                   | 112                             | 204            |
| Credit / (charge) to the income statement | 84                              | (227)                                | (112)                           | (255)          |
| At 31 January 2016                        | 115                             | (166)                                | -                               | (51)           |

#### (b) Deferred tax assets and liabilities

|   | Assets<br>£'000 | Liabilities<br>£'000 | Total<br>£'000 |
|---|-----------------|----------------------|----------------|
| <b>Share based payments</b>               |                 |                      |                |
| At 1 February 2016                        | 115             | -                    | 115            |
| Credit / (charge) to the income statement | (115)           | -                    | (115)          |
| At 31 January 2017                        | -               | -                    | -              |
| <b>Other timing differences</b>           |                 |                      |                |
| At 1 February 2016                        | 5               | (171)                | (166)          |
| Credit / (charge) to the income statement | 146             | 17                   | 163            |
| At 31 January 2017                        | 151             | (154)                | (3)            |
| <b>Total</b>                              |                 |                      |                |
| At 1 February 2016                        | 120             | (171)                | (51)           |
| Credit / (charge) to the income statement | 31              | 17                   | 48             |
| At 31 January 2017                        | 151             | (154)                | (3)            |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. CASH AND CASH EQUIVALENTS

|                                 | 2017<br>£'000 | 2016<br>£'000<br><small>(restated - note 24)</small> |
|---------------------------------|---------------|--|
| Restricted cash                 | 2,491         | 2,272  |
| Other cash and cash equivalents | 10,873        | 10,167   |
|                                 | 13,364        | 12,439   |

The Group has certain bank accounts for the sole purpose of holding client deposits in relation to the Group's Jetcard product. These accounts are held separately from the group's trading accounts and (under contract with customers) are not used in funding the Group's working capital requirements and are therefore designated 'restricted cash'.

### 9. DIVIDENDS

|                                     | 2017<br>£'000 | 2016<br>£'000 |
|-------------------------------------|---------------|---------------|
| Equity dividends on ordinary shares | 2,596         | 3,450         |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. PROPERTY, PLANT AND EQUIPMENT

| GROUP                     | Leasehold<br>improvement<br>£'000 | Fixtures and<br>fittings<br>£'000 | Motor<br>vehicles<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>£'000 |
|---------------------------|-----------------------------------|-----------------------------------|----------------------------|--------------------------------|----------------|
| <b>Current Year</b>       |                                   |                                   |                            |                                |                |
| <b>Cost</b>               |                                   |                                   |                            |                                |                |
| At 1 February 2016        | 2,064                             | 1,249                             | 289                        | 3,260                          | 6,862          |
| Additions                 | 472                               | 126                               |                            | 283                            | 881            |
| Disposals                 | (1)                               | (19)                              |                            | (19)                           | (39)           |
| <b>At 31 January 2017</b> | <b>2,535</b>                      | <b>1,356</b>                      | <b>289</b>                 | <b>3,524</b>                   | <b>7,704</b>   |
| <b>Depreciation</b>       |                                   |                                   |                            |                                |                |
| At 1 February 2016        | 787                               | 871                               | 132                        | 2,740                          | 4,530          |
| Charge for the year       | 352                               | 125                               | 59                         | 289                            | 825            |
| Disposals                 | (1)                               | (17)                              |                            | (8)                            | (26)           |
| <b>At 31 January 2017</b> | <b>1,138</b>                      | <b>979</b>                        | <b>191</b>                 | <b>3,021</b>                   | <b>5,329</b>   |
| <b>Net Book Value</b>     |                                   |                                   |                            |                                |                |
| At 1 February 2016        | 1,277                             | 378                               | 157                        | 520                            | 2,332          |
| <b>At 31 January 2017</b> | <b>1,397</b>                      | <b>377</b>                        | <b>98</b>                  | <b>503</b>                     | <b>2,375</b>   |
| <b>Prior Year</b>         |                                   |                                   |                            |                                |                |
| <b>Cost</b>               |                                   |                                   |                            |                                |                |
| At 1 February 2015        | 1,527                             | 1,043                             | 255                        | 2,911                          | 5,736          |
| Additions                 | 544                               | 229                               | 34                         | 389                            | 1,196          |
| Disposals                 | (7)                               | (23)                              |                            | (40)                           | (70)           |
| <b>At 31 January 2016</b> | <b>2,064</b>                      | <b>1,249</b>                      | <b>289</b>                 | <b>3,260</b>                   | <b>6,862</b>   |
| <b>Depreciation</b>       |                                   |                                   |                            |                                |                |
| At 1 February 2015        | 555                               | 749                               | 73                         | 2,503                          | 3,880          |
| Charge for the year       | 234                               | 133                               | 59                         | 263                            | 689            |
| Disposals                 | (2)                               | (11)                              |                            | (26)                           | (39)           |
| <b>At 31 January 2016</b> | <b>787</b>                        | <b>871</b>                        | <b>132</b>                 | <b>2,740</b>                   | <b>4,530</b>   |
| <b>Net Book Value</b>     |                                   |                                   |                            |                                |                |
| At 1 February 2015        | 972                               | 294                               | 182                        | 408                            | 1,856          |
| <b>At 31 January 2016</b> | <b>1,277</b>                      | <b>378</b>                        | <b>157</b>                 | <b>520</b>                     | <b>2,332</b>   |

The company did not hold any property, plant and equipment.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. INTANGIBLE ASSETS

|                               | Software<br>£'000 |
|-------------------------------|-------------------|
| <b>CURRENT YEAR:</b>          |                   |
| At 1 February 2016            | 769               |
| Purchase of intangible assets | 356               |
| Amortisation                  | (381)             |
| <b>At 31 January 2017</b>     | <b>744</b>        |
| <b>PRIOR YEAR:</b>            |                   |
| At 1 February 2015            | 412               |
| Purchase of intangible assets | 590               |
| Amortisation                  | (233)             |
| <b>At 31 January 2016</b>     | <b>769</b>        |

The company did not hold any intangible assets.

### 12. INVESTMENTS IN SUBSIDIARIES

| COMPANY                   | Subsidiary<br>undertakings<br>£'000 |
|---------------------------|-------------------------------------|
| <b>CURRENT YEAR:</b>      |                                     |
| Cost and Net book value   |                                     |
| At 1 February 2016        | 2,545                               |
| Capital contribution      | 35                                  |
| Disposal                  | (30)                                |
| Reversal of impairments   | 336                                 |
| <b>At 31 January 2017</b> | <b>2,886</b>                        |
| <b>PRIOR YEAR:</b>        |                                     |
| Cost and Net book value   |                                     |
| At 1 February 2015        | 2,123                               |
| Capital contribution      | 24                                  |
| Investments               | 398                                 |
| <b>At 31 January 2016</b> | <b>2,545</b>                        |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

| SUBSIDIARIES   | Country of registration | Holding         | %    | Principal Activity              |
|--|-------------------------|-----------------|------|---------------------------------|
| Air Charter Service Limited  | England                 | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS Air Charter Service (Canada) Corp.   | Canada                  | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service GmbH   | Germany                 | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS Afretamento Aereo Ltda   | Brazil                  | Ordinary shares | 100% | Leasing and chartering aircraft |
| Kingston Aviation Holdings Limited   | England                 | Ordinary shares | 100% | Dormant                         |
| Air Charter Service LLC  | Russia                  | Ordinary shares | 75%  | Leasing and chartering aircraft |
| Air Charter Service Inc  | USA                     | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service California Inc   | USA                     | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service FZCO   | Dubai                   | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service (HK) Ltd.  | Hong Kong               | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Global Business Services (Beijing) Co. Ltd   | China                   | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS España Servicios de Charter Aéreo SLU  | Spain                   | Ordinary shares | 100% | Leasing and chartering aircraft |
| Aircraft Chartering Services SAS   | France                  | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS Air Charter (Pty) Limited  | S Africa                | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS Air Charter Service India Private Ltd  | India                   | Ordinary shares | 74%  | Leasing and chartering aircraft |
| Air Charter Service (ACS) Switzerland SA   | Switzerland             | Ordinary shares | 100% | Leasing and chartering aircraft |
| ACS (Texas) Air Charter Service Inc  | USA                     | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service (Florida) Inc  | USA                     | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service (Aust) Pty Ltd   | Australia               | Ordinary shares | 100% | Leasing and chartering aircraft |
| Air Charter Service Transport Ltd  | England                 | Ordinary shares | 100% | Dormant                         |
| ACS Air Charter Service International Ltd  | Ireland                 | Ordinary shares | 100% | Dormant                         |
| Held by Kingston Aviation Holdings Limited:<br>Air Charter Service Trustee Company Ltd | England                 | Ordinary shares | 100% | Trustee Company                 |
| Held by Air Charter Service Limited:<br>Air Courier Service Limited                    | England                 | Ordinary shares | 100% | Dormant                         |
| Held by Air Charter Service LLC:<br>Air Charter Service Kazakhstan LLP                 | Kazakhstan              | Ordinary shares | 75%  | Leasing and chartering aircraft |

The funding arrangements for subsidiaries are generally arranged through the group's holding company Air Charter Service Group Ltd. The Directors have considered the carrying value of the company's investments in its subsidiaries at the year end having taken account of the net assets of each subsidiary, current trading activity and forecast future results. Based on the results of this review, they have recognised an impairment within the carrying value of certain of the investments of £301,000 (2016: £637,000) and a provision against loans due from subsidiaries of £730,000 (2016: £861,000). This impairment does not impact upon the consolidated income statement of the group.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

| ADDRESSES OF SUBSIDIARY UNDERTAKINGS:          |  |
|--|--|
| Air Charter Service Limited                    | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| ACS Air Charter Service (Canada) Corp.         | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| Air Charter Service GmbH                       | Lyoner Strasse 14, 60528 Frankfurt am Main, Germany              |
| ACS Afretamento Aereo Ltda                     | 411, 5th Floor, Sala 13, Vila Olympia, Sao Paulo, Brazil         |
| Kingston Aviation Holdings Limited             | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| Air Charter Service LLC                        | 121609 Krylatskie Kholmy St. 5, Building 1, Moscow, Russia       |
| Air Charter Service Inc                        | 1055 RXR Plaza, Uniondale, New York, NY 11556, USA               |
| Air Charter Service California Inc             | 11150 Santa Monica Blvd, Los Angeles, CA 90025, USA              |
| Air Charter Service FZCO                       | DAFZA West Wing Building 4WB/241, Dubai, UAE                     |
| Air Charter Service (HK) Ltd                   | 25 The Cameron, 33 Cameron Rd, Kowloon, Hong Kong                |
| Air Global Business Services (Beijing) Co. Ltd | Room 2005, Jian Wai Soho 39, Chao Yang, Beijing, China           |
| ACS España Servicios de Charter Aéreo SLU      | Calle Pedro, Teixeira 8, Planta 8, Madrid, 28020, Spain          |
| Aircraft Chartering Services SAS               | 82 Rue Beaubourg, Paris, 75003, France                           |
| ACS Air Charter (Pty) Limited                  | 7 Aldbury Park, Hyde Park 2196, Johannesburg, South Africa       |
| ACS Air Charter Service India Private Ltd      | Notan Heights, 10th Floor, 20 Guru Nanak Road, Mumbai, India     |
| Air Charter Service (ACS) Switzerland SA       | WTC II, 29 Route de pre Bois, Geneva, 1215, Switzerland          |
| ACS (Texas) Air Charter Service Inc            | 515 Post Oak Blvd, Suite 710, Houston, TX 77027, USA             |
| Air Charter Service (Florida) Inc              | 2 S.Biscayne Blvd, Suite 3770, Miami, FL 33131, USA              |
| Air Charter Service (Aust) Pty Ltd             | Level 13, Citigroup Building, 2 Park Street, NSW 2000, Australia |
| Air Charter Service Transport Ltd              | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| ACS Air Charter Service International Ltd      | 4th Floor Harmony Court, Harmony Rd, Dublin 2, Ireland           |
| Air Charter Service Trustee Company Ltd        | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| Air Courier Service Limited                    | 171-185 Ewell Road, Surbiton, Surrey, UK                         |
| Air Charter Service Kazakhstan LLP             | 17A, Fonvizin Street, Almaty, 050051, Kazakhstan                 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. TRADE AND OTHER RECEIVABLES

|                                     | GROUP         |               | COMPANY       |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Trade receivables                   | 31,765        | 25,006        | -             | -             |
| Amounts owed by Parent undertakings | 4,179         | -             | 2,451         | 568           |
| Other debtors                       | 1,164         | 872           | -             | -             |
| Prepayments and accrued income      | 5,540         | 4,183         | -             | -             |
|                                     | 42,648        | 30,061        | 2,451         | 568           |

No interest is charged on receivables and amounts owed are repayable on demand.  
The directors consider the carrying amount of receivables approximates to their fair value.

### 14. TRADE AND OTHER PAYABLES

|                                     | GROUP         |                                       | COMPANY       |               |
|-------------------------------------|---------------|---------------------------------------|---------------|---------------|
|                                     | 2017<br>£'000 | 2016<br>£'000<br>(restated - note 24) | 2017<br>£'000 | 2016<br>£'000 |
| Trade payables                      | 11,442        | 8,529                                 | -             | -             |
| Amounts owed to Parent undertakings | 1,700         | -                                     | 1,840         | 243           |
| Other taxation and social security  | 342           | 358                                   | -             | -             |
| Accruals and deferred income        | 32,552        | 27,593                                | -             | -             |
| Other creditors                     | 177           | 218                                   | -             | -             |
|                                     | 46,213        | 36,698                                | 1,840         | 243           |

No interest is charged on payables and amounts owed are repayable on demand.  
The directors consider the carrying amount of payables approximates to their fair value.

### 15. PROVISIONS

|                        | Total<br>£'000 |
|------------------------|----------------|
| <b>CURRENT YEAR:</b>   |                |
| At 1 February 2016     | 199            |
| Increase in provisions | -              |
| At 31 January 2017     | 199            |
| <b>PRIOR YEAR:</b>     | 182            |
| At 1 February 2015     | 17             |
| At 31 January 2016     | 199            |

The provision relates to the restoration of leasehold properties, principally the UK head office in Surrey, upon which the lease expires in 2025 which is when the restoration costs can reasonably be expected to be paid out. The head office lease includes a break clause in 2019, which could result in restoration costs being incurred at this earlier stage. The provision has been estimated through consultation with an external construction firm.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are bank balances, trade and other receivables, trade and other payables. The Group holds financial instruments in order to finance its operations, manage exposure to related risks and to ensure that adequate levels of working capital exist for the ongoing business.

#### *Capital management*

The Group's objectives when managing capital (ie equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### *Fair value of financial instruments*

|                              | 2017<br>Carrying amount<br>£'000 | 2017<br>Fair value<br>£'000 | 2016<br>Carrying amount<br>£'000 | 2016<br>Fair value<br>£'000 |
|------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>FINANCIAL ASSETS</b>      |                                  |                             |                                  |                             |
| Cash and cash equivalents    | 13,364                           | 13,364                      | 12,439                           | 12,439                      |
| Trade and other receivables  | 42,648                           | 42,648                      | 30,061                           | 30,061                      |
|                              | <b>56,012</b>                    | <b>56,012</b>               | <b>42,500</b>                    | <b>42,500</b>               |
| <b>FINANCIAL LIABILITIES</b> |                                  |                             |                                  |                             |
| Trade and other payables     | 46,213                           | 46,213                      | 36,698                           | 36,698                      |
| Short term trade loan        | 2,126                            | 2,126                       | -                                | -                           |
| Provisions                   | 199                              | 199                         | 199                              | 199                         |
|                              | <b>48,538</b>                    | <b>48,538</b>               | <b>36,897</b>                    | <b>36,897</b>               |

#### *Credit risk*

Credit risk predominantly arises from trade receivables, cash and deposits with banks. The level of credit provided to customers is reviewed on a regular basis by the directors. Internal procedures for providing credit terms take account of external credit agency information, the customer's reputation in the industry and past trading experience. Given that the majority of sales are settled in advance of operation, the Group has no significant concentrations of credit risk and the group's exposure to bad debt has not been significant historically.

The trade receivables balance set out in note 13 above includes £18.8 million (2016: £18.9 million) relating to sales invoiced in advance of carriage, with a corresponding balance included

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

within deferred income. The remaining balance of £12.0 million (2016: £6.1 million) represents trade receivables in relation to charters operated in the period, with an age profile as follows:

|  | 2017<br>£'000 |
|--|---------------|
| Past due at the balance sheet date                   | 1,202         |
| Due within 7 days of the balance sheet date          | 2,369         |
| Due after more than 7 days of the balance sheet date | 8,395         |
|  | <b>11,966</b> |

There was no provision for doubtful debt and all amounts due at the balance sheet date were settled prior to the signing of these final statements.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The finance function produces regular forecasts of expected cash inflows and outflows, which are reviewed at Board level. The Group aims to manage liquidity by ensuring that cash is collected efficiently, also by placing excess cash on low risk, short term interest bearing deposits. Investment of cash surpluses are made through banks which must fulfil credit rating criteria approved by the directors.

|   | 2017                     |                         |                        |                           |
|---|--------------------------|-------------------------|------------------------|---------------------------|
|   | Carrying amount<br>£'000 | Contractual cash flows  |                        |                           |
|   |                          | 1 year or less<br>£'000 | 2 to <5 years<br>£'000 | 5 years and over<br>£'000 |
| <b>NON DERIVATIVE FINANCIAL LIABILITIES</b> |                          |                         |                        |                           |
| Trade and other payables                    | 46,213                   | 46,213                  |                        |                           |
| Short term trade loan                       | 2,126                    | 2,126                   |                        |                           |
| Provisions                                  | 199                      |                         |                        | 199                       |
|   | <b>48,538</b>            | <b>48,339</b>           |                        | <b>199</b>                |

|   | 2016                     |                         |                        |                           |
|---|--------------------------|-------------------------|------------------------|---------------------------|
|   | Carrying amount<br>£'000 | Contractual cash flows  |                        |                           |
|   |                          | 1 year or less<br>£'000 | 2 to <5 years<br>£'000 | 5 years and over<br>£'000 |
| <b>NON DERIVATIVE FINANCIAL LIABILITIES</b> |                          |                         |                        |                           |
| Trade and other payables                    | 36,698                   | 36,698                  |                        |                           |
| Provisions                                  | 199                      |                         |                        | 199                       |
|   | <b>36,897</b>            | <b>36,698</b>           |                        | <b>199</b>                |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Foreign currency risk

The Group buys and sells services denominated principally in Sterling, US Dollars and Euros and as a result financial instruments can be affected by movements in exchange rates. The Group aims to minimise exposure to foreign currency risk by matching sales and purchases in the same currency where possible. The Group also makes use of foreign exchange markets in order to maintain an appropriate mix of foreign currency bank balances for use within the business. The breakdown of cash and cash equivalents at the balance sheet date was as follows:

| CURRENCY           | 2017<br>Local<br>(£'000) | 2017<br>Closing<br>rate | 2017<br>GBP<br>(£'000) | 2016<br>Local<br>(£'000) | 2016<br>Closing<br>rate | 2016<br>GBP<br>(£'000) |       |
|--------------------|--------------------------|-------------------------|------------------------|--------------------------|-------------------------|------------------------|-------|
| US Dollars         | 9,289                    | 1.26                    | 7,379                  | 5,970                    | 1.42                    | 4,208                  |       |
| Euros              | 1,789                    | 1.16                    | 1,536                  | 4,409                    | 1.31                    | 3,362                  |       |
| GB Pounds Sterling | -                        | 2,271                   | 1.00                   | 2,271                    | 1.881                   | 1.00                   | 2,867 |
| Other various      |                          |                         | 2,178                  |                          |                         | 2,002                  |       |
|                    |                          |                         | 13,364                 |                          |                         | 12,439                 |       |

#### Foreign currency risk sensitivity analysis

The Group's principal foreign currency exposures are on cash and cash equivalents denominated in US dollars and the Euro.

The table below illustrates the hypothetical sensitivity of the Group's reported operating profit to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the year end, showing the effect of a revaluation of cash and cash equivalents:

|                             | 2017<br>Closing<br>rate | 2017<br>Adjusted<br>rate | 2017<br>Effect<br>(£'000) | 2016<br>Closing<br>rate | 2016<br>Adjusted<br>rate | 2016<br>Effect<br>(£'000) |
|-----------------------------|-------------------------|--------------------------|---------------------------|-------------------------|--------------------------|---------------------------|
| Sterling strengthens by 10% |                         |                          |                           |                         |                          |                           |
| US Dollar                   | 1.26                    | 1.38                     | (671)                     | 1.42                    | 1.56                     | (383)                     |
| Euro                        | 1.16                    | 1.28                     | (140)                     | 1.31                    | 1.44                     | (306)                     |
| Sterling weakens by 10%     |                         |                          |                           |                         |                          |                           |
| US Dollar                   | 1.26                    | 1.13                     | 820                       | 1.42                    | 1.28                     | 467                       |
| Euro                        | 1.16                    | 1.05                     | 171                       | 1.31                    | 1.18                     | 374                       |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17. SHORT TERM TRADE LOAN

|                                 | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------|---------------|---------------|
| Short term trade loan liability | 2,126         |               |

The Company has a \$7.5 million short term trade loan facility with HSBC Bank Plc for the purpose of funding credit sales to government departments, relief and charitable organisations. Interest is charged at UK base rate plus 2.75% and the facility is repayable on demand.

### 18. OPERATING LEASE ARRANGEMENTS

The Group had the following minimum outstanding commitments under non-cancellable operating leases which fall due:

| LAND & BUILDINGS    | 2017<br>£'000 | 2016<br>£'000 |
|---------------------|---------------|---------------|
| Within 1 year       | 2,359         | 1,452         |
| Within 2 to 5 years | 4,015         | 3,949         |
| Over 5 years        | 1,029         | 1,073         |
|                     | 7,403         | 6,474         |

### 19. CALLED UP SHARE CAPITAL

| AUTHORISED SHARE CAPITAL:                 | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| 100,000,000 Ordinary shares of £0.01 each | 1,000         | 1,000         |

| ALLOTTED, CALLED UP AND FULLY PAID: | No.        | 2017<br>£'000 | No.        | 2016<br>£'000 |
|-------------------------------------|------------|---------------|------------|---------------|
| Ordinary shares of £0.01 each       | 23,602,092 | 236           | 23,602,092 | 236           |

### 20. OWN SHARES

On 30 June 2011, Air Charter Service Group Ltd set up a trust. Ordinary shares in Air Charter Service Group Ltd were held by the Trustees for the purpose of satisfying options granted by group companies to their employees. The costs associated with the purchase of the shares for the Trust are deducted from equity.

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options granted by, or intended to be granted by, the Group to its employees. The trust is not intended to sell shares to employees and no sales of shares were made to employees in the period, other than to satisfy the exercise of options. During the year, no Ordinary shares were purchased from existing employee shareholders. At 31 January 2017, the Trust held no Ordinary shares in Air Charter Service Group Ltd or any other company within the group. The balance of £48k investment by the company represents residual cash held within the trust.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. SHARE-BASED PAYMENTS

#### Equity based share options

The parent company, Air Charter Service Group Ltd, set up a share option scheme for the benefit of employees on 23 July 2007.

The options in this scheme vest on the third anniversary of grant. Options lapse if the employee leaves the company prior to exercise. There are no performance or market conditions associated with the share options.

Details of the scheme are as follows:

| Grant date       | Exercise price<br>(Pence) | Held at 31 January 2016<br>No. | Exercised during year<br>No. | Held at 31 January 2017<br>No. |
|------------------|---------------------------|--------------------------------|------------------------------|--------------------------------|
| 23 July 2007     | 43.2                      | 297,405                        | (297,405)                    | -                              |
| 18 February 2008 | 34.0                      | 560,913                        | (560,913)                    | -                              |
| 18 June 2010     | 55.0                      | 285,829                        | (285,829)                    | -                              |
| 6 January 2012   | 75.0                      | 54,720                         | (54,720)                     | -                              |
| 20 May 2013      | 47.0                      | 95,480                         | (95,480)                     | -                              |
| 31 January 2014  | 40.0                      | 200,000                        | (200,000)                    | -                              |
| 31 January 2014  | 10.0                      | 109,954                        | (109,954)                    | -                              |
| 12 August 2015   | 100.0                     | 188,816                        | (188,816)                    | -                              |
| <b>Total</b>     |                           | <b>1,793,117</b>               | <b>(1,793,117)</b>           |                                |

On 1 February 2016 the entire share capital of the company was acquired by a new holding company, Mountfitchet Group Limited and all unexercised options transferred to the same company on 29 February 2016. On 3 October 2016 all unexercised options were exercised as part of a private equity backed re-organisation.

The cost of services received in respect of the share options in the scheme above is measured as the fair value of the options granted and the cost is spread over the vesting period. The total charge for the year relating to the employee share based plan was £35,000 (2016: £24,000). The fair values were calculated using the Black-Scholes valuation method and the inputs to the model were as follows:

#### Options granted on 23 July 2007

|                              |            |
|------------------------------|------------|
| Fair value                   | 13.4 pence |
| Weighted average share price | 47.0 pence |
| Expected volatility          | 30%        |
| Expected life                | 3.5 years  |
| Risk free rate               | 5.5%       |

#### Options granted on 18 February 2008

|                              |            |
|------------------------------|------------|
| Fair value                   | 11.0 pence |
| Weighted average share price | 38.0 pence |
| Expected volatility          | 30%        |
| Expected life                | 3.5 years  |
| Risk free rate               | 5.3%       |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

| <b>Options granted on 18 June 2010</b> |            |
|--|------------|
| Fair value                             | 21.0 pence |
| Weighted average share price           | 61.0 pence |
| Expected volatility                    | 50%        |
| Expected life                          | 5.0 years  |
| Risk free rate                         | 3.5%       |

| <b>Options granted on 6 January 2012</b> |            |
|--|------------|
| Fair value                               | 16.0 pence |
| Weighted average share price             | 83.0 pence |
| Expected volatility                      | 30%        |
| Expected life                            | 5.0 years  |
| Risk free rate                           | 2.2%       |

| <b>Options granted on 20 May 2013</b> |            |
|---------------------------------------|------------|
| Fair value                            | 10.0 pence |
| Weighted average share price          | 52.0 pence |
| Expected volatility                   | 30%        |
| Expected life                         | 5.0 years  |
| Risk free rate                        | 2.5%       |

| <b>Options granted on 31 January 2014</b> |            |
|---|------------|
| Fair value                                | 8.0 pence  |
| Weighted average share price              | 35.0 pence |
| Expected volatility                       | 30%        |
| Expected life                             | 5.0 years  |
| Risk free rate                            | 2.5%       |

| <b>Options granted on 12 August 2015</b> |             |
|--|-------------|
| Fair value                               | 41.0 pence  |
| Weighted average share price             | 152.0 pence |
| Expected volatility                      | 20%         |
| Expected life                            | 3.0 years   |
| Risk free rate                           | 2.5%        |

The expected volatility is based on the historic volatility of a listed company in the same sector as the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22. RELATED PARTY TRANSACTIONS

The company had the following balances with Group undertakings at the year end:

|                                     | 2017<br>£'000 | 2016<br>£'000 |
|-------------------------------------|---------------|---------------|
| Amounts owed to Group undertakings  | (1,840)       | (243)         |
| Amounts due from Group undertakings | 2,451         | 568           |

The remuneration of the directors who are the key management personnel of the Group is set out in note 5. The Company received dividends of £2.1 million during the year from its subsidiary companies (2016: £3.9 million).

The directors received no dividends during the year from the company (2016: £3.2m)

### 23. CONTINGENT LIABILITIES

The Group operates in various overseas jurisdictions, some of which are less well developed, from a fiscal perspective, than others. The directors have structured the Group's activities to manage its exposure to such evolving legal and fiscal frameworks and thus far during the Group's expansion there have been no material unexpected exposures. The directors consider that challenge by relevant fiscal authorities is possible, but this cannot be predicted and no provision has been made for contingent liabilities of which directors are not aware.

### 24. CHANGES IN PRESENTATION

During the year the directors reviewed the treatment of advance payments from clients subscribing to the group's Jetcard product. Previously, these amounts were not included within 'Cash and Cash Equivalents'. Following the review, these amounts are now included within 'Cash and Cash Equivalents' as 'Restricted Cash' (see note 8) with a corresponding increase in 'Trade Payables'. There was no effect on profit as a result of this change. The change resulted in a restatement of prior year balance sheet comparatives, being an increase in Trade Payables of £2,272k and a corresponding increase in Cash and Cash Equivalents of the same amount.

### 25. CONTROLLING PARTY

The ultimate parent company of the group is MFG Topco Limited and there is no majority controlling shareholder. The smallest and largest consolidation the Company is consolidated into is MFG Topco Limited, the financial statements of which are available at Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK.