

-Registered No. 04449144

AIRPLUS INTERNATIONAL LIMITED

Annual report and financial statements

For the year ended 31 December 2018



AIRPLUS INTERNATIONAL LIMITED

Annual report and financial statements for the year ended 31 December 2018

Contents	Page
Director and advisers	1
Strategic report for the year ended 31 December 2018	2
Director's report for the year ended 31 December 2018	3
Independent auditors' report to the members of Airplus International Limited	5
Income statement for the year ended 31 December 2018	8
Statement of financial position as at 31 December 2018	9
Statement of changes in equity for the year ended 31 December 2018	10
Notes to the financial statements for the year ended 31 December 2018	11

AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Director and advisers

Director

Paul Grant Spelman

Secretary and registered office

Oakwood Corporate Secretary Limited

Building 4
566 Chiswick High Road
Chiswick Park
London, W4 5YE

Solicitors

DWF
1 Scott Place
2 Hardman Street
Manchester
Lancashire
UK
M3 3AA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge, Middlesex
UB8 1EX

Bankers

Deutsche Bank AG
6 Bishopsgate
London
EC2N 4DA
Great Britain

Deutsche Bank AG
Roßmarkt 11
60311 Frankfurt am Main
Germany

Strategic report for the year ended 31 December 2018

The director presents the Strategic report for the year ended 31 December 2018.

Review of business

The results for the year are set out in the income statement on page 8. The level of business was satisfactory. All products saw significant and sustained levels of growth successful in 2018. The result for the company shows a profit before income tax of £8.0 million for the year (2017 £6.4 million).

The AirPlus business continued to develop positively in all aspects in 2018 and further growth is expected. Previously established partnerships continued to thrive and the Santander reseller partnership performed as expected.

Key Performance Indicators

The company's director monitors the performance of the business, with revenue being the company's key performance indicator. The company achieved revenue of £17.8 million in 2018 (2017 £16.4 million).

Principal risks and uncertainties**Commercial risk**

The primary commercial risk results from a highly competitive market and potential losses of key customers to competitors. The company actively manages and maintains its client relationships, provides customer services and reacts to customer demands to mitigate the loss risk.

Regulatory rules and regulations from government or European organisations, as well as any potential adverse implications as a result of "Brexit", could pose a risk to revenue streams moving forwards. On 23 June 2016 a referendum was held and the outcome of the vote determined that the United Kingdom would leave the European Union. The United Kingdom have announced they intend to leave the European Union on 31 October 2019. At the time of the signing of the statutory financial statements the details of how the United Kingdom will leave the European Union, and its effect on the financial markets, are unclear and as such it is not possible to estimate the impact of this event.

Results

The company's profit for the financial year of £6.5 million (2017 £5.1 million) will be transferred to reserves.

This report was approved by the board on 1 October 2019 and signed on its behalf by:



Paul Grant Spelman
Director
1 October 2019

Director's report for the year ended 31 December 2018

The director presents the annual report and the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activity of the company is the provision of business travel payment, settlement and analysis services.

Dividends

In November 2018 the company paid an interim dividend of £7.5 million (2017: nil) to Lufthansa AirPlus Servicekarten GmbH.

Director

The director of the company for the year ended 31 December 2018 and up to the date of signing these financial statements is as follows:

Caroline Haywood (resigned on 01.05.2018)
Paul Grant Spelman (appointed on 01.05.2018)

Future Developments

The company has planned further growth in volumes for 2019 and subsequent years. This growth is planned across all product billing revenues.

Financial risk management

The company's financial risk strategy is determined on a group wide basis by the company's ultimate parent company. The company's operations expose it to a variety of financial risks that primarily include the effects of credit, interest rate and foreign exchange risk. The company does not use derivative financial instruments and as such no hedge accounting is applied. Price risk, liquidity risk and cash flow risk are not significant to the company and have therefore not been separately discussed.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The company establishes credit limits with each customer which are approved by management and the client. The company's exposure is monitored on a daily basis using automated credit blocks. The company transfers its funds to a group affiliate at the end of each business day, creating an intercompany loan repayable on demand.

Interest rate risk

During the course of the year the company had interest-bearing assets and liabilities which comprise intercompany balances, all of which earned interest at a floating rate.

Foreign exchange risk

The immediate parent company is based in Germany and uses the Euro as a functional and transactional currency, exposing the company to exchange risk. The immediate parent company uses currency risk management policies to reduce the impact in the company.

Director's report for the year ended 31 December 2018 (continued)**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in-office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of disclosure of information to Auditors

The director at the date of approval of this report confirms that:

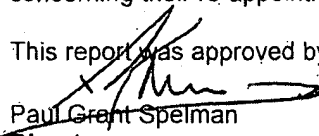
- (1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 1 October 2019 and signed on its behalf by:


Paul Grant Spelman
Director

1 October 2019

Independent auditors' report to the members of Airplus International Limited**Report on the audit of the financial statements**

Opinion

In our opinion, Airplus International Limited's financial statements:

give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

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

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

Independent auditors' report to the members of Airplus International Limited (continued)

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless

the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Independent auditors' report to the members of Airplus International Limited (continued)

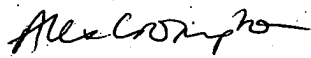
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
1 October 2019

AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Income statement for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue	2	17,781,766	16,404,307
Administrative expenses		(9,789,207)	(10,108,553)
Operating profit	7	7,992,559	6,295,754
Finance income	5	390,244	354,854
Finance costs	6	(374,560)	(280,001)
Profit before income tax		8,008,243	6,370,607
Income tax expense	8	(1,527,813)	(1,229,465)
Profit for the financial year		6,480,430	5,141,142

All amounts relate to continuing operations.

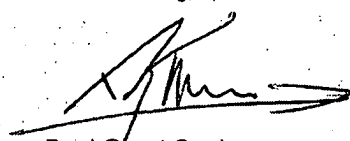
AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Statement of financial position as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	9	8,951	48,254
Total non-current assets		8,951	48,254
Current assets			
Trade and other receivables	10	65,284,933	64,317,254
Cash		2,759,568	2,621,886
Total current assets		68,044,501	66,939,141
Total assets		68,053,452	66,987,395
Liabilities			
Non-current liabilities			
Trade and other payables	12	(30,000,000)	(30,000,000)
Total non-current liabilities		(30,000,000)	(30,000,000)
Current liabilities			
Trade and other payables		(17,089,948)	(15,004,321)
Total liabilities		(47,089,948)	(45,004,321)
Net assets		20,963,504	21,983,074
Equity			
Called up share capital	13	600,000	600,000
Retained earnings		20,363,504	21,383,074
Total equity		20,963,504	21,983,074

The notes on pages 11 to 24 are an integral part of these financial statements.
The financial statements on pages 8 to 24 were approved by the director on 1 October 2019
and were signed on behalf of the board by:



Paul Grant Spelman
Director

AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2017	600,000	16,241,932	16,841,932
Profit for the financial year	-	5,141,142	5,141,142
Balance as at 31 December 2017	600,000	21,383,074	21,983,074
Profit for the financial year	-	6,480,430	6,480,430
Distribution of dividends	-	(7,500,000)	(7,500,000)
Balance as at 31 December 2018	600,000	20,363,504	20,963,504

Retained earnings represent accumulated comprehensive income for the year and prior years.

Notes to the financial statements for the year ended 31 December 2018**General Information**

AirPlus International Limited is a private company limited by shares and it is incorporated in United Kingdom. The address of its registered office is Building 4, 566 Chiswick High Road, Chiswick Park, London, W4 5YE, England, United Kingdom. The registered number of the company is 04449144.

The principal activity of the company is the provision of business travel payment, settlement and analysis services.

Statement of compliance

The individual financial statements of AirPlus International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated

a) Basis of Accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in policy "Critical accounting judgements and Key sources of estimation uncertainty" included within this note.

b) Going Concern

On the basis of their assessment of the company's financial position and resources, the director believes that the company is well placed to manage its business risks. Therefore, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Reduced disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Deutsche Lufthansa AG which are publicly available.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****c) Exemptions for qualifying entities under FRS 102 (continued)**

As a qualifying entity, the company has taken advantage of the following exemptions:

- i) the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

d) Foreign currency**(i) Functional and presentation currency**

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

e) Revenue

Revenue is largely earned through service agreements with the immediate parent undertaking, Lufthansa AirPlus Servicekarten GmbH (LASG). AirPlus International Limited generates revenue in the form of an intercompany interchange fee, which reflects a percentage of transactions made using cards of business customers residing in the UK. The services offered in exchange for this fee are card administrative services such as payment collection and invoicing. Additional revenue comes from company cards issued by AirPlus International Limited itself. Revenue is recognised when the related services have been delivered. Accounts receivable represent the full outstanding customer balances on these credit cards and are recognised at the point of the customer transaction.

f) Employee Benefit

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****f) Employee benefit (continued)****(i) Short-term benefits**

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 4 represents contributions payable by the company to the fund.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****h) Property, plant and equipment**

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	33%
Fixtures and fittings	17-33%

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Other operating (losses) /gains'.

i) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

j) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****j) Impairment of non-financial assets (continued)**

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within trade payables in current liabilities.

l) Financial Instruments**(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****l) Financial Instruments (continued)***(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company does not hold or issue derivatives financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

m) Related party transactions

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Deutsche Lufthansa AG, whose financial statements are publicly available. Hence, it does not disclose transactions with members of the same group that are wholly owned. The company discloses transactions with related parties which are not wholly owned with the same group.

n) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****1. Summary of significant accounting policies (continued)****n) Critical accounting judgements and key sources of estimation uncertainty
(continued)****(i) Impairment of debtors**

The company makes an estimate of the recoverable values of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

2. Revenue

Revenue consists entirely of services made and provided in the United Kingdom, and relates to the provision of business travel payment, settlement and analysis services.

Notes to the financial statements for the year ended 31 December 2018 (continued)
3. Director's remuneration

	2018	2017
	£	£
Aggregate remuneration	162,806	139,338
Aggregate company contributions paid to a money purchase scheme	21,144	17,289
	<u>183,950</u>	<u>156,627</u>

Retirement benefits are accruing to one (2017: one) director under a money purchase scheme.

4. Staff Costs

The average monthly number of persons (including the one director in the year) employed by the company during the year was 41 (2017: 44).

Staff costs were as follows	2018	2017
	£	£
Staff costs		
Wages and salaries	1,895,014	2,446,218
Social security costs	353,477	330,305
Other pension costs	188,811	195,805
	<u>2,437,302</u>	<u>2,972,328</u>

No pension contributions are prepaid or outstanding at year end (2017: nil).

The employee expenses are disclosed net of an income of £ 979,000 from the recharge of salaries to the parent company due to the secondment of 3 employees. This income reduces the personnel expenses in fiscal year 2018 correspondingly. The years 2017 and 2018 are therefore not comparable.

	2018	2017
	Number	Number
Average monthly number of persons employed by the company during the year (including director):		
Selling and distribution	15	16
Administration	26	28
	<u>41</u>	<u>44</u>

5. Finance income

	2018	2017
	£	£
Interest receivable on late payments from customers	390,244	354,854
	<u>390,244</u>	<u>354,854</u>

AIRPLUS INTERNATIONAL LIMITED

Registered No. 04449144

Notes to the financial statements for the year ended 31 December 2018 (continued)

6. Finance costs

	2018	2017
	£	£
Interest payable on bank overdrafts	352	754
Interest payable on amounts due to group	374,208	279,247
	<u>374,560</u>	<u>280,001</u>

7. Operating profit

	2018	2017
	£	£
Operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment		
- owned assets	41,526	59,869
Operating leases charges		
- plant and machinery	2,938	1,373
- other	362,433	360,751
Services provided by the company's auditors		
- fees payable for the audit	69,500	88,800
- fees payable for other services from auditors	9,219	-
Fees payable for other services	131,915	-
Foreign exchange (loss) / profit	(132,574)	97,230
	<u>484,957</u>	<u>608,023</u>

8. Income tax expense / (credit)

	2018	2017
	£	£
Current tax		
UK corporation tax charge on profits for the year	1,533,936	1,234,584
Total current tax	<u>1,533,936</u>	<u>1,234,584</u>
Deferred tax		
Origination and reversal of timing differences	(6,123)	(3,904)
Adjustments in respect of prior years	-	(1,215)
Total deferred tax (note 11)	<u>(6,123)</u>	<u>(5,119)</u>
Income tax expense / (credit)	<u>1,527,813</u>	<u>1,229,465</u>

Notes to the financial statements for the year ended 31 December 2018 (continued)**8. Income tax expense (continued)****Factors affecting tax charge for year**

The standard rate of corporation tax in the UK is 19 % (2017: 19,25%). The tax assessed for the year is higher than (2017: higher than) to the rate of corporation tax in the UK of 19 % (2017: 19,25%).

The reasons for the difference are explained below:

	2018	2017
	£	£
Profit before income tax	8,008,243	6,370,607
Profit before income tax multiplied by the standard rate of corporation tax in UK of 19% (2017: 19,25%)	1,521,566	1,226,342
Effects of:		
Expenses not deductible for tax purposes	6,246	4,169
Accelerated capital allowances and other timing differences	6,123	4,073
Deferred tax recognised in year	(6,123)	(5,119)
Tax charge	1,527,812	1,229,465

Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

The deferred tax asset was calculated at the future rate on the assumption they will reverse over the next 5 years. In addition, as the company is expected to be profit making in future periods, all deferred tax assets have been recognized in the balance sheet.

Notes to the financial statements for the year ended 31 December 2018 (continued)
9. Property, plant and equipment

	Computer Equipment £	Fixtures and Fittings £	Total £
Cost			
At 1 January 2018	87,141	451,185	538,326
Additions	-	2,223	2,223
At 31 December 2018	87,141	453,408	540,549
Accumulated Depreciation			
At 1 January 2018	68,946	421,126	490,072
Charge for the year	14,201	27,325	41,526
At 31 December 2018	83,147	448,451	531,598
Net book value			
At 31 December 2018	3,994	4,957	8,951
At 31 December 2017	18,195	30,059	48,254

10. Trade and other receivables

	2018 £	2017 £
Trade receivables	58,258,590	55,840,537
Amounts owed by group undertakings	4,479,510	5,579,497
Other receivables	1,538,877	2,758,971
Prepayments and accrued income	70,941	125,392
Corporation Tax	918,034	-
Deferred tax asset (note 11)	18,980	12,857
	65,284,932	64,317,254

Amounts owed by group undertakings are unsecured and repayable on demand. An amount of £3,583,151 (2017: £4,756,182) accrues interest at rate ranging from 0.36% to 0.86 % (2017: 0.08% to 0.42%) and the remaining balance of £896,359 (2017: £823,315) is interest free.

Notes to the financial statements for the year ended 31 December 2018 (continued)
11. Deferred tax

	Recognised 2018 £
At 1 January 2018	12,857
Deferred tax credit in income statement for year	6,123
Adjustment for prior years	-
At 31 December 2018	<u>18,980</u>

	Recognised 2018 £	Recognised 2017 £
Decelerated capital allowances	18,980	12,857
Deferred tax asset recognised	<u>18,980</u>	<u>12,857</u>

The director considers that it is likely that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

12. Trade and other payables

	2018 £	2017 £
Non-current liabilities		
Loan extended by immediate parent company (LASG)	30,000,000	30,000,000
	<u>30,000,000</u>	<u>30,000,000</u>

The maturity date of this loan agreement is 30th of June 2019 and accrues interest at a rate of 3-month GBP-LIBOR +0.25% (2017: +0.25%). This loan is unsecured. Following the extension of the loan in June 2019 the loan has been shown as a non-current liability in line with the revised maturity date of June 2020.

	2018 £	2017 £
Current liabilities		
Trade payables	1,370,744	4,782,107
Amounts owed to group undertakings	13,837,739	7,712,431
Corporation tax	-	693,658
Accruals and deferred income	1,881,465	1,816,125
	<u>17,089,948</u>	<u>15,004,321</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**Notes to the financial statements for the year ended 31 December 2018
(continued)****13. Called up share capital**

	2018	2017
	£	£
Authorised		
600,000 (2017: 600,000) ordinary shares of £1 each	600,000	600,000
Allotted, issued and fully paid		
600,000 (2017: 600,000) ordinary shares of £1 each	600,000	600,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14. Dividends

	2018	2017
	£	£
Final dividend for the year	7,500,000.00	-
Amount paid per share	12.50	-

**Notes to the financial statements for the year ended 31 December 2018
(continued)****15. Financial commitments**

At 31 December 2018, the company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2018	2017
Payments due		
	£	£
Not later than one year	410,404	408,917
Later than one year and not later than five years	1,767,185	1,976,432
Later than five years	-	-
	<u>2,177,589</u>	<u>2,385,349</u>

16. Ultimate and immediate parent company

The immediate parent undertaking is Lufthansa AirPlus Servicekarten GmbH incorporated in Germany.

The ultimate parent undertaking and controlling party is Deutsche Lufthansa AG, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Deutsche Lufthansa AG consolidated financial statements can be publicly obtained from the company Secretary at Von-Gablenz-Straße 2-6, 50679 Cologne, Germany.