

Registrar's Copy

## Hangar 8 Management Limited

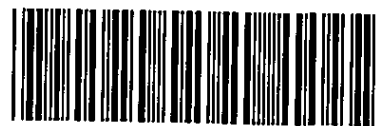
Report and Financial Statements

Year Ended

30 June 2012

Company Number 06740432

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# Hangar 8 Management Limited

## Report and financial statements for the year ended 30 June 2012

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### Directors

D Dryden  
R Irving  
K Blay

### Secretary

K Blay

### Registered office

The Farmhouse, Langford Lane, Oxford Airport, Kidlington, Oxfordshire, OX5 1RA

### Company number

06740432

### Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

# **Hangar 8 Management Limited**

## **Report of the directors for the year ended 30 June 2012**

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The directors present their report together with the audited financial statements for the year ended 30 June 2012

### **Principal activities**

The company's principal activity during the year was the management of private jet aircraft. The results for the year are set out on page 5 of the financial statements.

### **Directors**

The directors of the company during the year were as follows:

D Dryden  
R Irving  
K Blay (appointed 15 November 2011)

### **Directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Hangar 8 Management Limited

## Report of the directors for the year ended 30 June 2012 (*continued*)

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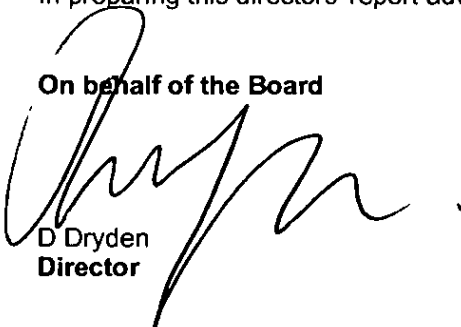
### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' regime.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D Dryden', is written over the printed name and title.

D Dryden  
Director

Date 18 March 2013

# Hangar 8 Management Limited

## Independent auditor's report

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### TO THE MEMBERS OF HANGAR 8 MANAGEMENT LIMITED

We have audited the financial statements of Hangar 8 Management Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# Hangar 8 Management Limited

## Independent auditor's report (*continued*)

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### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

### 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime

*BDO LLP*

*Christopher Pooles (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading  
United Kingdom*

Date *27 MARCH 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Hangar 8 Management Limited

## Profit and Loss account for the year ended 30 June 2012

	Note	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
<b>Turnover</b>	<b>2</b>	<b>9,660,468</b>	<b>2,579,465</b>
Cost of sales		(6,008,017)	(1,939,424)
<b>Gross profit</b>		<b>3,652,451</b>	<b>640,041</b>
Administrative expenses		(3,302,984)	(689,128)
Other operating income	<b>6</b>	235,000	-
<b>Operating profit /(loss) on ordinary activities before taxation</b>	<b>3</b>	<b>584,467</b>	<b>(49,087)</b>
Taxation on profit /(loss) on ordinary activities	<b>7</b>	(229,755)	(218,072)
<b>Profit /(loss) on ordinary activities after taxation</b>	<b>15</b>	<b>354,712</b>	<b>(267,159)</b>

All amounts relate to continuing activities

The company has no recognised gains or losses other than the profit for the year

The notes on pages 7 to 15 form part of these financial statements

# Hangar 8 Management Limited

## Balance sheet At the year ended 30 June 2012

<i>Company number 06740432</i>	Note	30 June 2012 £	30 June 2012 £	30 June 2011 £	30 June 2011 £
<b>Fixed assets</b>					
Tangible assets	8	242,298		230,862	
Intangible asset	9	680,236		906,950	
			922,534		1,137,812
<b>Current assets</b>					
Stocks	10	6,512		-	
Debtors	11	7,418,205		6,562,950	
Cash at bank and in hand		339,320		1,186,790	
		7,764,037		7,749,740	
<b>Creditors: amounts falling due within one year</b>	12	(8,531,386)		(9,117,676)	
<b>Net current liabilities</b>			(767,349)		(1,367,936)
<b>Total assets less current liabilities</b>			155,185		(230,124)
<b>Provisions for liabilities</b>	13		(30,597)		-
<b>Net assets/(liabilities)</b>			124,588		(230,124)
<b>Capital and reserves</b>					
Share capital	14		1,000		1,000
Profit and loss account	15		123,588		(231,124)
<b>Shareholders' funds/(deficit)</b>	16		124,588		(230,124)

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2013

  
B Dryden  
Director

The notes on pages 7 to 15 form part of these financial statements



# Hangar 8 Management Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

#### *Going concern*

The financial statements have been prepared on a going concern basis. The company made a profit of £354,712 for the year ended 30 June 2012 (14 months ended 30 June 2011 – loss of £267,159) and had current liabilities of £767,349 (2011 – 1,367,936) and net assets of £124,588 at the balance sheet date (2011 – net liabilities of £230,124)

The directors have prepared and reviewed cash flow forecasts which show that the group is able to meet its obligations as they fall due for a period of at least twelve months from the date of these financial statements. In addition the directors have received confirmation from the parent company that it will support the company for a period of at least twelve months from the date of approval of these financial statements. As such the directors consider it appropriate to prepare the financial statements on a going concern basis

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery. Revenue is recognised for major categories as follows

- Contract fee income - over the period of the contract,
- Insurance commissions - from the date that the company has fulfilled its obligation in full, and
- Minimum guaranteed hours – the higher of the hours used or the guaranteed hours,
- Miscellaneous - on the provision of the service

The company incurs certain expenditure on behalf of owners that is recharged directly with no mark up. For such expenditure, the company is acting as an agent and as such this expenditure is set-off against the associated income and therefore neither income nor expense is shown in the profit and loss account. Expenditure recharged in this manner is not recognised as turnover because the company does not bear the risk of the transaction and the aircraft owner is ultimately responsible for settling the associated liability

#### *Cash flow statement*

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the Company are controlled within the group headed by Hangar 8 Plc and the Company is included in its consolidated financial statements

#### *Taxation*

Income tax expense included in the profit and loss account represents the sum of current tax and deferred tax

#### *Current Tax*

The tax charge/(credit) payable is based on taxable profit/(loss) for the year. Taxable profit differs from profit reported in the profit and loss because of items of income or expense that are taxable in other years and items that are never taxable or deductible. The liability/asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

# Hangar 8 Management Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax rates are calculated at the tax rates expected to be effective at the time the differences are expected to reverse

Deferred tax balances are not discounted

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Goodwill*

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life being 5 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Computer software*

Computer software is recognised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs are depreciated, once commissioned, over their estimated useful lives of four years on a straight line basis.

Costs associated with maintenance of computer software are recognised as an expense as incurred.

#### *Depreciation*

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. The following annual rates have been applied:

Motor vehicles	- 4 years
Plant and machinery	- 8 years
Fixtures and equipment	- 3 years

# Hangar 8 Management Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

### 1 Accounting policies (*continued*)

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in their own line in the statement of financial position.

Contracts with customers to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer, all other contracts with customers to lease assets are classified as operating leases.

To the extent that finance lease receivables are not matched by back to back finance lease payables, where cashflows arising are direct between sub-lessee and head lessor, they are included in the balance sheet, at the amount of the net investment in the lease being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

#### Stock

Stock is stated at the lower cost and net realisable value. Cost is calculated as follows:

- Raw materials - cost of purchase on first in, first out basis,
- Consumables - all costs of purchase, costs of conversion and other costs incurred in bringing the consumables to their present location and condition,
- Work in progress and finished goods - cost of raw materials and labour, together with attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the statement of comprehensive income for slow moving inventories. The charge is reviewed at each balance sheet date.

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises entirely in the United Kingdom.

# Hangar 8 Management Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 3 Operating profit /(loss)

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
This has been arrived at after charging		
Auditors remuneration		
- Audit services	20,000	19,000
- Non audit services	18,615	2,500
Foreign exchange	206,286	51,151
Depreciation charge	109,937	88,375
Amortisation charge	226,714	226,620
Exceptional item	-	117,731
	<u>          </u>	<u>          </u>

The exceptional item represents an onerous contract charge in respect of the close out of an aircraft management contract, the terms of which were substantially revised in September 2010. This contract expired in November 2011.

## 4 Employees

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
Wages and salaries	1,061,329	881,093
Social security costs	113,166	105,917
Pension costs	16,266	-
	<u>          </u>	<u>          </u>
	1,190,761	987,010
	<u>          </u>	<u>          </u>

The average number of employees (including directors) during the year/period was as follows

	2012 Number	2011 Number
Administration, key management and personnel	29	16
	<u>          </u>	<u>          </u>

# Hangar 8 Management Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 5 Directors remuneration

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
Directors emoluments	-	65,958

The directors have not drawn any remuneration or benefits from the company throughout the year

## 6 Other operating income

This amount represents the commission, net of legal fees, arising on the arrangement of the purchase and sale of an aircraft. The purchase and sale has been financed via back to back head and sub leases between a client upstream, Hangar8 and a client downstream. The nature of the leases are such that consideration is settled through a lump sum up front payment (including the commission payable to Hangar8), followed by a number of equal monthly instalments and a final option to purchase payment prior to ownership formally passing through to the sub-lessee. The final option to purchase fee is substantially below the anticipated market value of the plane at the time of payment. This results in the arrangements being classified as finance leases and as such the outstanding payments and receipts at the year end, which are identical, are disclosed on the balance sheet as a finance lease receivable and finance lease payable. Due to the nature of the arrangement and the fact that the sub-lessee payments are made directly to the head lessor, the finance lease payments receivable and payable have been set off to show no net balance due/owed at the year end.

Further disclosure of the impact on the financial statements of this arrangement is set out below

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
<b>Profit and loss account</b>		
Commission on arrangement of aircraft leases	319,000	-
Legal fees directly incurred in arranging the leases	(84,000)	-
	<u>235,000</u>	<u>-</u>
Other operating income		
	<u>235,000</u>	<u>-</u>
<b>Balance sheet:</b>		
	2012 £	2011 £
Finance lease receivable	1,897,000	-
Finance lease payable	(1,897,000)	-
	<u>-----</u>	<u>-----</u>
Net finance lease receivable/payable	-	-

# Hangar 8 Management Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 7 Taxation on profit /(loss) on ordinary activities

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
<i>Current tax</i>		
UK corporation tax on profit/(loss) for the year/period and total current tax	199,158	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	30,597	218,072
Taxation on profit/(loss) on ordinary activities	<u>229,755</u>	<u>218,072</u>

The tax assessed for the current year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below

	Year ended 30 June 2012 £	14 month period ended 30 June 2011 £
Profit/(loss) on ordinary activities before tax	<u>584,467</u>	<u>(49,087)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 25.75% (14 month period ended 30 June 2011 - 20%)	150,500	(9,817)
Effect of		
Expenses not deductible for tax purposes	44,410	34,321
Unrelieved tax losses and other deductions	18,332	3,861
Differences between capital allowances for period and depreciation	<u>(14,084)</u>	<u>(28,365)</u>
Current tax charge for the year/period	<u>199,158</u>	<u>-</u>

# Hangar 8 Management Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 8 Tangible fixed assets

	Computer software £	Motor vehicles £	Plant and machinery £	Fixtures and equipment £	Total £
<i>Cost</i>					
Balance at 1 July 2011	254,000	9,609	80,022	62,450	406,081
Additions	85,714	-	33,109	2,550	121,373
	<u>339,714</u>	<u>9,609</u>	<u>113,131</u>	<u>65,000</u>	<u>527,454</u>
<i>Accumulated depreciation</i>					
Balance at 1 July 2011	96,602	1,601	50,193	26,823	175,219
Depreciation	68,884	2,402	22,035	16,616	109,937
	<u>165,486</u>	<u>4,003</u>	<u>72,228</u>	<u>43,439</u>	<u>285,156</u>
<i>Net book value</i>					
At 30 June 2012	<u>174,228</u>	<u>5,606</u>	<u>40,903</u>	<u>21,561</u>	<u>242,298</u>
At 30 June 2011	<u>157,398</u>	<u>8,008</u>	<u>29,829</u>	<u>35,627</u>	<u>230,862</u>

## 9 Intangible assets

	Goodwill £
<i>Cost</i>	
Balance at 1 July 2011 and 30 June 2012	<u>1,133,570</u>
<i>Accumulated amortisation</i>	
Balance at 1 July 2011	226,620
Amortisation	226,714
	<u>453,334</u>
<i>Net book value</i>	
At 30 June 2012	<u>680,236</u>
At 30 June 2011	<u>906,950</u>

## 10 Stock

	2012 £	2011 £
Raw materials and consumables	<u>6,512</u>	<u>-</u>

# Hangar 8 Management Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 11 Debtors

	2012 £	2011 £
Trade debtors	3,715,892	2,976,531
Amounts owed from group companies	1,293,173	698,938
Other debtors	532,185	389,401
Prepayments and accrued income	1,876,955	2,498,080
	<u>7,418,205</u>	<u>6,562,950</u>

## 12 Creditors' amounts falling due within one year

	2012 £	2011 £
Trade creditors	4,019,448	4,106,860
Amounts owed to group companies	167,684	830,476
Corporation tax	115,104	-
Other creditors	2,635,265	2,155,013
Accruals and deferred income	1,523,548	2,025,327
Other tax and social security	70,337	-
	<u>8,531,386</u>	<u>9,117,676</u>

## 13 Provisions for liabilities

	Deferred Taxation £
At 1 July 2011	-
Charged to profit and loss account	30,597
	<u>30,597</u>
At 30 June 2012	

All deferred tax liabilities have arisen as a result of accelerated capital allowances

## 14 Share capital

	30 June 2012 No	30 June 2012 £	30 June 2011 No	30 June 2011 £
<i>Allotted called up and fully paid</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>



# Hangar 8 Management Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

### 15 Reserves

	Profit and loss account £
At 1 July 2011	(231,124)
Profit for the year	354,712
	<hr/>
At 30 June 2012	123,588
	<hr/>

### 16 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
At start of year	(230,124)	37,035
Profit/(loss) for the year/period	354,712	(267,159)
	<hr/>	<hr/>
At year/period end	124,588	(230,124)
	<hr/>	<hr/>

### 17 Related parties

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with members of the group headed by Hangar 8 Plc on the grounds that 100% of the voting rights in the Company are controlled within the Group and the Company is included in consolidated financial statements

	Year ended 30 June 2012			14 month period ended 30 June 2011		
	Purchases	Outstanding	Loans	Purchases	Outstanding	Loans
	£	30 June £	£	£	30 June £	£
Related party						
Four Seasons	-	-	-	(456,000)	(164,103)	-
Offshore Jets	127,073	127,073	-	-	-	-

Four Seasons is an entity controlled by John Blower, one of Hangar 8 Plc's former non-executive directors

Offshore Jets is an entity controlled by Dustin Dryden, one of the company's directors

Included in other debtors is a loan to D Dryden of £Nil (2011 - £47,857) This loan was repaid in full within 9 months of the period ended 30 June 2011

### 18 Controlling party

The Company's ultimate controlling party is D Dryden by virtue of his controlling shareholding in Hangar 8 Plc, a company registered in England and Wales, which holds 100% of the share capital of the Company. The consolidated accounts of Hangar 8 Plc are available from Companies House.