

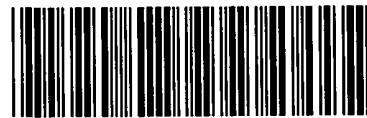
Hangar 8 Management Limited

Report and Financial Statements

18 month period ended 31 December 2015

Company Number 06740432

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Hangar 8 Management Limited

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Hangar 8 Management Limited

Officers and professional advisors

Directors

M A Khalek (appointed 13 May 2016)
S P Wright (appointed 13 May 2016)
K M Godley (appointed 13 May 2016)
D Dryden (resigned 29 September 2015)
K Blay (resigned 30 April 2016)
K Callan (resigned 13 May 2016)
G Martin (resigned 31 December 2014)

Company Secretary

M Taylor (appointed 13 May 2016)
K Blay (resigned 13 May 2016)

Registered office

Business Aviation Centre
Farnborough Airport
Farnborough
Hampshire
GU14 6XA

Auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
Winnersh
Wokingham
Berkshire
RG41 5TS

Bankers

HSBC Bank
10 High Street
Kidlington
Oxford
OX5 2DH

Royal Bank of Scotland
Global Banking & Markets
Banking Operations 2nd Floor
Bankside 3
London SE1 0SW

Hangar 8 Management Limited **Strategic Report** **18 month period ended 31 December 2015**

Principal activities

The principal activities of Hangar 8 Management Limited (the 'Company') is the management and operation of privately owned passenger jet aircraft.

Business review

Following the reverse acquisition of Gama Aviation Holdings (Jersey) Limited by Hangar 8 Plc (subsequently known as Gama Aviation Plc) on 5 January 2015, the Company changed its accounting reference date from 30 June 2015 to 31 December 2015. The results presented are for an 18 month period while the comparative period represents a 12 month period.

The key financial measures demonstrating the Company's performance are:

	18 months ended 31 December 2015	Year ended 30 June 2014	% Change
Turnover (£'000)	42,952	33,415	28.5%
Gross Margin (%)	5.7%	13.9%	(59.0%)
Operating profit/(loss) (£'000)	(4,165)	(740)	(462.8%)
Operating profit/(loss) excluding exceptional items (£'000)	(4,038)	(740)	(445.7%)
Net liabilities (£'000)	(4,169)	(357)	(1,067.8%)

As part of the acquisition by Gama Aviation Holdings (Jersey) Limited, the acquired business of Hangar 8 Plc and its subsidiaries were reorganised. The operations that were previously included within Hangar 8 Management Limited were moved to a fellow group company, Gama Aviation (UK) Limited during the course of 2015.

During this exercise, a thorough review of the balances held on the statement of financial position was carried out and resulted in substantial material impairments. Consequently, the operating loss for the 18 months ended 31 December 2015, increased to £4.2m (2015: £0.7m).

The impairments also materially impacted the net liabilities position by £3.0m over the same period.

Hangar 8 Management Limited

Strategic Report (continued)

18 month period ended 31 December 2015

Principal risks and uncertainties

The Directors consider the principal risks to the business are:

- Poor operational performance damaging the Company's reputation
- Changes in economic climate that make private air transport less attractive
- Increasing regulatory burden and costs of compliance

Maintenance of the Company's reputation

The Company's reputation for safety, reliability and high service standards is essential for maintaining customer loyalty and ensuring premium pricing levels. The Company has systems and monitoring processes in place to ensure that high standards are maintained across all aspects of the Company, including customer-facing crew as well as back-office operational staff. The Company carefully reviews any deviations from these standards and implements changes to prevent recurrence.

Changes in economic climate

The Company offers air transportation services that provide far greater flexibility, discretion and levels of service than is possible with general aviation services. The Directors recognise that in a challenging economic climate there may be pressure on customers to reduce their use of private aviation services. The Directors mitigate this risk by regularly reviewing current and anticipated activity levels and reducing the Company's cost base accordingly.

Regulatory burden and costs of compliance

To ensure very high levels of safety, the aviation industry has significant and complex regulation to cover training, engineering, safety and operations. Breaches of regulations are likely to lead to sanctions such as suspension of operations or other restrictions. The Directors believe that the regulatory burden is likely to increase over time and have members of staff dedicated to liaising with the various regulatory bodies. In addition, staff are regularly trained and appraised to ensure their understanding and compliance.

The Directors aim to maintain the management policies which have resulted in the Company's stability in the period and in the previous decades whilst maintaining the highest standards of safety and customer service.

Future developments

Following the reverse acquisition of Gama Aviation Holdings (Jersey) Limited by Hangar 8 Plc (subsequently known as Gama Aviation Plc), the Group to which Hangar 8 Management Limited now belongs is in the final stages of integrating its UK Aviation service offering and restructuring its European Aviation businesses. All trading activities are in transition to a fellow subsidiary company.

Hangar 8 Management Limited

Strategic Report (continued)

18 month period ended 31 December 2015

Results and dividends

The loss for the 18 month period, after taxation, amounted to £3,811,923 (2014: £861,843 for the 12 month period). The Directors have not recommended a dividend (2014: nil).

Financial instruments

Details of the Company's financial risk management objectives and policies are included below.

The Company's principal financial instruments comprise:

- Bank balances
- Trade creditors
- Trade debtors; and
- Amounts due/from group companies

The main purpose of these instruments is to raise and maintain sufficient funds to finance the Company's operations; for further details, please refer to note 2 of the financial statements.

Due to the nature of the financial instruments used by the Company there is no exposure to price risk. Fuel price risk is passed to customers directly via their monthly recharges. The Company's approach to managing other risks applicable to the financial instruments concerned is shown below.

Bank balances

The Company has no formal overdraft facility as the forecasts regularly reviewed by Directors do not anticipate short-term funding requirements. General liquidity risk is managed by maintaining weekly cash forecasts to ensure positive cash balances through tight management of working capital.

Trade creditors

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Trade debtors

Trade debtors are managed in respect of credit and cash flow by regular review of aged debtors and our customers' credit rating. Cash flow risk is mitigated by requiring up-front payment for much of the Company's work and short credit terms for all other customers. Provisions are made against any amount for which the recoverability is uncertain.

Amounts due/from group companies

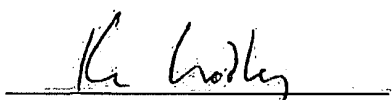
Amounts due from group companies are managed by regular review of the each group company's ability to repay the amount due. Provisions are made against any amount for which the recoverability is uncertain. Amounts payable to group companies are managed by ensuring sufficient funds are available to meet the amounts due.

Going concern

The markets in which the Company operates continue to be challenging. Despite the Company making a loss for the period of £3,811,923 (2014: £861,843) the Directors have, after performing a detailed analysis of the cash flow projections for the Company and obtaining confirmation from the parent Company, Gama Aviation Plc, that financial support will be made available if required, concluded that the Company has sufficient assets to meet its obligations for the foreseeable future. The Company had net liabilities of £4,169,289 (2014: £357,366) at the period-end.

The Directors are therefore of the opinion that in all reasonably foreseeable circumstances the Company will remain a going concern for at least twelve months from the date on which these financial statements have been approved. Accordingly, the going concern basis has been adapted in the preparation of these financial statements.

Signed on behalf of the Directors


K M Godley
Director

Approved by the Directors on 29/09/2016

Hangar 8 Management Limited
Directors' report
18 month period ended 31 December 2015

The Directors present their report together with the audited financial statements of the Company for the 18 month period ended 31 December 2015.

Business review

A review of the Company's business and future developments may be found in the Strategic Report.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the jobs can be adequately fulfilled by a handicapped or disabled person. Where an existing employee becomes disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Matters included in the Strategic Report

Future developments and financial risk management policies and objectives are covered in the Strategic Report.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the period and to the date of this report.

Charitable and political donations

The Company made no charitable or political donations (2014: £nil).

Directors

The Directors who served the Company during the period were as follows:

D Dryden (resigned 29 September 2015)


K Blay

K Callan

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the Company receives notice under section 488 (1) of the Companies Act 2006.

Signed on behalf of the Directors



K M Godley
Director

Approved by the Directors on 29/09/2016

Hangar 8 Management Limited
Directors' responsibilities statement
18 month period ended 31 December 2015

Directors' responsibilities

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 financial statements for each financial year. 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, including FRS101 'Reduced Disclosure Framework'). 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 those 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.

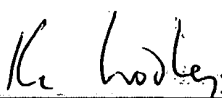
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The Directors confirm that:

- So far as the Directors are aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Signed on behalf of the Directors



K M Godley
Director

Approved by the Directors on 29/09/2016

Independent auditor's report to the members of Hangar 8 Management Limited

We have audited the financial statements of Hangar 8 Management Limited for the 18 month period ended 31 December 2015, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity 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), including FRS 101 "Reduced Disclosure Framework".

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 6, 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.

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 31 December 2015 and of its loss for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Grant Thornton UK LLP

Nicholas J Watson
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Wokingham
United Kingdom
29/09/2016

Hangar 8 Management Limited
Statement of comprehensive income
18 month period ended 31 December 2015

	Note	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Turnover	3	42,952,303	33,415,142
Cost of sales		(40,481,528)	(28,757,809)
Gross profit		2,470,775	4,657,333
Administrative expenses		(6,636,171)	(5,414,630)
Operating loss	4	(4,165,396)	(757,297)
Attributable to:			
Operating loss before exceptional items		(4,038,140)	(757,297)
Exceptional items ¹		(127,256)	-
Operating loss		(4,165,396)	(757,297)
Interest receivable and similar income	7	119,372	-
Interest payable and similar charges	8	(105,870)	-
Loss on ordinary activities before taxation		(4,151,894)	(757,297)
Tax credit/(expense)	9	339,971	(104,546)
Loss and total comprehensive income for the period/year		(3,811,923)	(861,843)

All of the activities of the Company are classed as continuing.

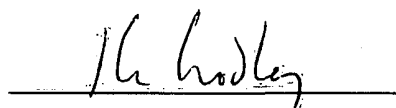
¹Exceptional items relate to integration and business reorganisation costs, following the reverse acquisition of Gama Aviation Holdings (Jersey) Limited by Hangar 8 Plc, which subsequently changed its name to Gama Aviation Plc.

The notes on pages 11 to 26 form part of these financial statements.

Hangar 8 Management Limited
Statement of financial position
At 31 December 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Goodwill	10	-		220,422	
Intangible assets	11	-		164,651	
Tangible assets	12	45,867		76,234	
			45,867		461,307
Current assets					
Stocks	13	10,606		10,884	
Debtors due within one year	14	15,246,614		20,231,091	
Cash at bank and in hand		49,030		2,385,206	
		15,306,250		22,627,181	
Creditors: amounts falling due within one year	16	(19,521,406)		(23,423,457)	
Net current liabilities			(4,215,156)		(796,276)
Total assets less current liabilities			(4,169,289)		(334,969)
Provisions for liabilities	17				(22,397)
Net Liabilities			(4,169,289)		(357,366)
Capital and reserves					
Called up equity share capital	20		1,000		1,000
Profit and loss account	21		(4,170,289)		(358,366)
Shareholders' funds			(4,169,289)		(357,366)

The financial statements were approved by the Board of Directors and authorised for issue on 29/09/2016, and are signed on their behalf by:



K M Godley
Director

Company Registration Number: 06740432

The notes on pages 11 to 26 form part of these financial statements.

Hangar 8 Management Limited
Statement of changes in equity
18 month period ended 31 December 2015

Attributable to owners of the Company

	Share capital £	Profit and loss account £	Total £
At 1 July 2013	1,000	503,477	504,477
Loss for the financial year	-	(861,843)	(861,843)
Total comprehensive income for the year	-	(861,843)	(861,843)
At 30 June 2014	1,000	(358,366)	(357,366)
Loss for the financial period	-	(3,811,923)	(3,811,923)
Total comprehensive income for the period	-	(3,811,923)	(3,811,923)
At 31 December 2015	1,000	(4,170,289)	(4,169,289)

The notes on pages 11 to 26 form part of these financial statements.

Hangar 8 Management Limited

Notes to the financial statements

18 month period ended 31 December 2015

1. Company Information

Hangar 8 Management Limited (the 'Company') is a limited liability company and is incorporated and domiciled in England and Wales. The principal activities of the Company relate to the management and operation of privately owned passenger jet aircraft.

Following the reverse acquisition of Gama Aviation Holdings (Jersey) Limited by Hangar 8 Plc (subsequently known as Gama Aviation Plc) on 5 January 2015, the Company changed its accounting reference date from 30 June 2015 to 31 December 2015. The results presented are for an 18 month period while the comparative period represents a 12 month period.

2. Accounting policies

Statement of Compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated. The financial statements have been prepared on a historical cost basis. The Company's financial statements are presented in Sterling.

Changes in accounting policies

This is the first period in which the financial statements have been prepared in accordance with FRS101. The date of transition to FRS 101 is 1 July 2013. In applying FRS101 for the first time, the Company has applied the early amendment to FRS101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative period presented. The adjustments arising on the adoption of FRS 101 are set out in Note 24.

Going concern

The Company relies on the continued financial support from Gama Aviation Plc, the ultimate parent company to enable it to continue operating and meeting its liabilities as they fall due. The Directors believe it is appropriate to prepare the accounts on a going concern basis as they have received confirmation that continuing finance will be made available from the ultimate parent company.

Parent company

The Company is a wholly owned subsidiary of Gama Aviation Plc, a company incorporated in England and Wales, which prepares publicly available consolidated financial statements in accordance with IFRS. The Company is included in the consolidated financial statements of Gama Aviation Plc for the year ended 31 December 2015. These financial statements are available from the Gama Aviation website: www.gamaaviation.com.

Disclosure exemptions adopted

The financial statements have been prepared in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the period.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraph 33(c) of IFRS 5 'Non current Assets Held for Sale and Discontinued Operations' to disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations, given that equivalent disclosures are provided by the parent entity;
- (b) the requirements of IFRS 7 'Financial Instruments: Disclosures' due to the fact that equivalent disclosures are provided by the parent entity;
- (c) the requirement of paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 denoting a reconciliation of the number of shares outstanding at the beginning and end of the year; and
 - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'

Hangar 8 Management Limited
Notes to the financial statements
18 month period ended 31 December 2015

2. Accounting policies (continued)

Disclosure exemptions adopted (continued)

- (d) the requirements of paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements' relating to capital management disclosures;
- (e) the requirements of IAS 7 'Statement of Cash Flows' to disclose a statement of cash flows; and
- (f) the requirements of IAS 24 'Related Party Disclosure' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) the requirements of IAS 24 'Related Party Disclosure' to disclose the compensation of key management personnel.
- (h) disclosure in respect of standards in issue not yet effective

Significant accounting policies

(a) Turnover

The Company measures revenue as the fair value of consideration received or receivable and represents amounts received for services provided in the normal course of business, net of discounts, estimated customer returns, VAT and other sales-related taxes. Revenue is recognised when the amount can be reliably estimated, collection is probable, the Company retains neither continuing managerial involvement to the degree usually associated with ownership, and the inherent risks and rewards of ownership have been transferred to the other party. Where contracts include provisions for adjustments, including yearly increases based on external benchmarks, these are not taken into consideration until they are known.

Revenue from services is primarily derived from the management or provision of aircraft which includes the revenues generated by charter. Revenue includes fixed contract fees and variable fees such as revenue earned with reference to flying hours. Revenue also includes the recharges for costs incurred relating to the management or provision of the aircraft. We record revenue relating to services rendered using an accrual method and in accordance with the terms of the contracts pursuant to which such services are rendered. Revenue from aircraft services is recognised based on contractual rates as the related services are performed.

(b) Operating expenses

Operating expenses are recognised in profit and loss upon utilisation of the service or as incurred.

(c) Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size and incidence.

(d) Tangible fixed assets and depreciation

Fixed assets are stated at cost less depreciation and impairment losses. Depreciation is provided to write off the cost less estimated residual values of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	4 years, straight line method
Plant and machinery	3 years, straight line method
Fixtures and fittings	3 years, straight line method

(e) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

2. Accounting policies (continued)

(e) Impairment of assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of impairment loss is recognised immediately in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less from inception, which are subject to an insignificant risk of changes in value.

(g) Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year in which they are incurred. The assets of the scheme are held separately in an independently administered fund. Prepaid contributions are recognised as an asset. Unpaid contributions are recognised as a liability.

(h) Foreign currency translation

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

(i) Leases

All leases where the risks and rewards of ownership are not transferred are treated as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

(j) Stock

Stock is stated at the lower of cost or net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense.

(k) Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities, and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is initially recognised as an asset at cost, and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

2. Accounting policies (continued)

(k) Goodwill (continued)

True and fair override

The Companies Act 2006 requires acquired goodwill to be amortised. However, as the Company is adopting FRS 101 that uses the recognition and measurement principles of IFRS, goodwill is not amortised and this therefore constitutes a departure from the Companies Act 2006, for the over-riding purpose of giving a true and fair view. Goodwill amortisation of £233,100 has therefore not been charged as a result of this override. Goodwill amortisation of £233,100 relating to 2014 has been reversed upon transition to FRS 101, and charged as impairment. The adjustments arising on the adoption of FRS 101 are set out in Note 24.

(l) Intangible assets

Internally generated intangible assets are recognised only if they satisfy the IAS 38 criteria in that a separately identifiable asset is created from which future economic benefits are expected to flow and the cost can be measured reliably. The life of each asset is assessed individually. Where the life is considered to be indefinite no amortisation is charged. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Included in intangible assets is computer software which is amortised at 25% per annum, straight line method.

(m) Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

2. Accounting policies (continued)

(n) Financial instruments

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

Financial assets

Trade receivables and other receivables are measured at amortised cost less provision for doubtful debts, determined as set out below in "impairment of financial assets". Any write-down of these assets is expensed to the income statement.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings and payables, are initially measured at fair value and subsequently at amortised cost, net of transaction costs.

Amounts due/from group companies

Amounts due/from group companies which are due/payable on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition are carried at the amount due/payable on an amortised cost basis.

Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

2. Accounting policies (continued)

(o) Key accounting estimates and judgements

When preparing financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

- The allowance for doubtful debts is calculated based on management's best estimate of the amounts which will be recovered from trade receivables. A proportion of the trade receivables balance is with individuals, for whom it is more difficult to establish a credit rating. Management are in constant communication with all debtors and assess the likelihood of recoverability on a regular basis. The estimate of the allowance for doubtful debts may vary from the actual amounts recovered if an individual becomes unable to pay.
- The goodwill impairment review requires the use of estimates related to future profitability and the cash generating ability of the trade and assets acquired. The estimates used may differ from the actual outcome.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

3. Turnover

The turnover and profit before tax are attributable to the principal activities of the Company. All turnover originates in the United Kingdom and is in respect of sale of services.

4. Operating loss

Operating loss is stated after charging:

	2015 £	2014 £
Depreciation of owned fixed assets	69,425	40,505
Amortisation of intangibles	106,340	121,457
Goodwill Impairment	220,422	233,100
Auditor's remuneration ¹	-	93,051
Operating lease costs:		
- Land and buildings	54,899	50,680
- Plant and equipment	5,239	-
Net loss on foreign currency translation	419,809	98,186

¹The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services separately as these are disclosed in the group accounts of its parent Gama Aviation Plc. The charge for the current period was accrued by the ultimate parent company Gama Aviation Plc on behalf of the Company.

5. Staff costs

The average number of staff employed by the Company, including Directors, during the financial period amounted to:

	2015 No	2014 No
Operations and administration	30	45

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	1,443,743	1,603,326
Social security costs	134,357	153,129
Other pension costs in respect of defined contribution schemes	24,421	27,333
	1,602,521	1,783,788

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

6. Directors' remuneration

All the Directors are executives of Hangar 8 Management Limited and certain other group companies. They are paid for their services to the Group rather than for their service to Hangar 8 Management Limited.

7. Interest receivable and similar income

	2015 £	2014 £
Net gain on foreign currency translation of intercompany balances	119,372	-
	<hr/>	<hr/>

8. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank overdrafts	97,830	-
Other interest payable	8,040	-
	<hr/>	<hr/>
	105,870	-
	<hr/>	<hr/>

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

9. Taxation on profit on ordinary activities

(a) Analysis of charge in the period

	2015 £	2014 £
<i>Current tax:</i>		
UK Corporation tax based on the results for the period at 20% (2014: 22.5%)	-	95,465
Adjustment in respect of prior years	(64,933)	-
	<hr/>	<hr/>
Total current tax	(64,933)	104,546
<i>Deferred tax:</i>		
(Credit)/charge for the period	(275,038)	9,081
	<hr/>	<hr/>
Tax (credit)/expense in income statement	(339,971)	104,546
	<hr/>	<hr/>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20% (2014: 22.5%).

	2015 £	2014 £
Loss on ordinary activities before taxation	(4,151,894)	(757,297)
	<hr/>	<hr/>
Loss on ordinary activities by rate of tax	(830,379)	(170,392)
Expenses not deductible for tax purposes	1,687	26,691
Differences between capital allowances and depreciation	45,910	(8,410)
Group relief surrendered for nil consideration	479,548	45,843
Origination and reversal of temporary differences	28,196	-
Adjustments in respect of prior periods	(64,933)	201,733
Deferred tax (credit)/charge	-	9,081
	<hr/>	<hr/>
Total tax (note 9(a))	(339,971)	104,546
	<hr/>	<hr/>

The standard rate of corporation tax in the UK will be reduced by 1% to 19% in 2017. The standard rate of corporation tax will be reduced by a further 1% to 18% in 2020.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

10. Goodwill

	£
<i>Cost</i>	
Balance at 1 July 2014 and 31 December 2015	453,522
<i>Accumulated impairment losses</i>	
Balance at 1 July 2014	233,100
Impairment	220,422
Balance at 31 December 2015	453,522
<i>Net book value</i>	
At 31 December 2015	-
At 30 June 2014	220,422

On 31 May 2010, the Company acquired the trade and certain assets of Langford lane Limited which was a commonly owned company. Goodwill arising on this acquisition amounted to £1,133,570. Upon transition to FRS 101, the carrying value of Goodwill was £453,522. Amortisation previously charged of £233,100 in 2014 has been reversed and an impairment charge of the same amount has been provided. The adjustments arising on the adoption of FRS 101 are set out in Note 24. An impairment review carried out in 2015 has increased the impairment by £220,422 to £453,522, resulting in a £nil carrying value.

11. Intangible assets

	Computer software £	AOC £	Total £
<i>Cost</i>			
Balance at 1 July 2014	471,781	45,850	517,631
Additions	85,799	-	85,799
Disposals	(557,580)	(45,850)	(603,430)
Balance at 31 December 2015	-	-	-
<i>Accumulated amortisation</i>			
Balance at 1 July 2014	352,980	-	352,980
Amortisation	106,340	-	106,340
Disposals	(459,320)	-	(459,320)
Balance at 31 December 2015	-	-	-
<i>Net book value</i>			
At 31 December 2015	-	-	-
At 30 June 2014	118,801	45,850	164,651

Computer software has been reclassified from tangible assets upon adoption of FRS 101.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

12. Tangible assets

	Motor Vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
Balance at 1 July 2014	9,609	199,084	77,076	285,769
Additions	-	35,432	9,597	45,029
Disposals	(9,609)	-	(86,673)	(96,282)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	-	234,516	-	234,516
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
Balance at 1 January 2015	8,808	130,246	70,481	209,535
Depreciation	801	58,403	10,221	69,425
Disposals	(9,609)	-	(80,702)	(90,311)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	-	188,649	-	188,649
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2015	-	45,867	-	45,867
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	801	68,838	6,595	76,234
	<hr/>	<hr/>	<hr/>	<hr/>

13. Stocks

	2015 £	2014 £
Raw materials and consumables	10,606	10,884
	<hr/>	<hr/>

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

14. Debtors

	2015 £	2014 £
Due within one year		
Trade debtors	3,328,864	2,998,769
Amounts owed from group companies	10,460,271	5,674,357
Other debtors	284,811	716,025
Other taxation and social security	248,346	422,580
Deferred tax recoverable (note 15)	291,897	39,256
Prepayments and accrued income	632,425	10,380,104
	<u>15,246,614</u>	<u>20,231,091</u>

The net carrying value of trade debtors is considered a reasonable approximation of fair value. All of the Company's trade debtors have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for losses of £2,057,089 (2014: £ nil) has been recorded accordingly within other expenses. Amounts due from group companies are repayable on demand and do not carry any interest charge.

15. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2015 £	2014 £
Included in debtors (note 14)	291,897	39,256
Included in provision for liabilities (note 17)		(22,397)
	<u>291,897</u>	<u>16,859</u>

The movement in the deferred taxation account during the year was:

	2015 £	2014 £
Balance brought forward	16,859	25,940
Profit and loss account movement arising during the year	275,038	(9,081)
	<u>291,897</u>	<u>16,859</u>

The balance of the deferred taxation account consists of the tax effect of temporary differences in respect of:

	2015 £	2014 £
Accelerated capital allowances	18,987	(22,397)
Other temporary difference	272,910	39,256
	<u>291,897</u>	<u>16,859</u>

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

16. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	4,022,191	8,411,994
Amounts owed to group companies	12,664,457	6,130,675
Other taxation and social security	179	184,904
Other creditors	1,841,413	3,036,552
Corporation tax	-	153,404
Accruals and deferred income	993,166	5,505,928
	<u>19,521,406</u>	<u>23,423,457</u>

Amounts owed to group companies are repayable on demand and do not carry any interest charge.

17. Provision for liabilities

	2015 £	2014 £
Deferred taxation (note 15)	-	22,397
	<u>-</u>	<u>22,397</u>

18. Commitments under operating leases

The total future minimum lease payments on land and buildings are as follows:

	2015 £	2014 £
<i>Operating leases which expire:</i>		
Within one year	-	54,899
	<u>-</u>	<u>54,899</u>

The Company has no operating lease commitments as at 31 December 2015.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

19. Contingent liabilities

The Company's banking facilities are secured by a fixed and floating charge over the assets of the Company and its immediate parent and fellow subsidiary undertakings. The Directors consider it to be highly improbable that any liability will crystallise for the Company as a result of the composite company unlimited multilateral guarantee.

20. Share capital

Authorised, allotted, and fully paid:

	2015 £	2014 £
1,000 Ordinary shares of £1 each	1,000	1,000

Share capital represents the amount subscribed for share capital at nominal value. The Company has one class of ordinary share with a nominal value of £1 with no right to fixed income.

21. Reserves

Profit and loss account represents the cumulative net profits and losses of the Company.

22. Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of the Gama Aviation Plc group have not been disclosed. During the period, the Company entered into the following transactions:

	Sale of services		Purchase of services	
	2015 £	2014 £	2015 £000	2014 £000
Skye Holdings Limited	513,606	-	-	-
Offshore Jets Limited	1,242,654	-	205,515	-
Oxfordshire Estates Limited	125,376	-	46,699	-
Harrier Trust Limited	235,542	-	-	-

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £000	2014 £000	2015 £000	2014 £000
Offshore Jets Limited	-	-	705,612	-
Oxfordshire Estates Limited	43,337	-	-	-
Harrier Trust Limited	99,973	-	-	-

Skye Holdings Limited, Offshore Jets Limited, Oxfordshire Estates Limited, and Harrier Trust Limited are owned by D. Dryden, a former director of the Company.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

23. Ultimate parent company

The Company is controlled by its parent company, Gama Aviation Plc. a company incorporated in England and Wales. The ultimate parent undertaking is Gama Aviation Plc, following the reverse acquisition of Gama Aviation Holdings (Jersey) Limited by Hangar 8 Plc on 5 January 2015. Hangar 8 Plc subsequently changed its name to Gama Aviation Plc.

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company: Gama Aviation Plc, a company incorporated in England and Wales. The consolidated accounts of Gama Aviation Plc are available from the Gama Aviation website: www.gamaaviation.com.

24. Transition to FRS 101

For all periods up to and including 30 June 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the period ended 31 December 2015 are the first the Company have prepared in accordance with FRS 101. In preparing these financial statements, the Company started with an opening balance sheet as at 1 July 2013, the date of transition to FRS 101, and made those changes in accounting policies and restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 July 2013 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 30 June 2014.

a) Goodwill

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. IFRS 1 requires that the UK GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position. This amounted to £453,522 as at 1 July 2013. In accordance with IFRS 1, the Company has tested goodwill for impairment as at the date of transition to FRS 101. No impairment was deemed necessary at 1 July 2013. The key change to the accounting relates to the fact that goodwill is no longer amortised under the recognition and measurement principles of IFRS 3 but instead subject to an annual impairment review. This accounting treatment represents a departure from the Companies Act 2006 as described in the Goodwill accounting policy. An impairment review was carried out as at 30 June 2014, and an impairment charge for the same amount that was included as amortisation for the year ended 30 June 2014 has been provided. For more details refer to note 10.

b) Computer software

Under UK GAAP, computer software does not meet the definition of an intangible asset under FRS 10: Goodwill and intangible assets, and falls under FRS 15: Tangible Fixed Assets. Under IAS 38, computer software meets the definition of an intangible asset and is required to be classified as such. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment when there is an indication that the intangible asset may be impaired. Computer software with a carrying value of £89,819 was classified as an intangible asset under IAS 38 on 1 July 2013. These assets were no longer depreciated as from that date. An amortisation charge equal to the depreciation previously charged under UK GAAP has been provided. For more details, refer to note 11.

Hangar 8 Management Limited
Notes to the financial statements (continued)
18 month period ended 31 December 2015

24. Transition to FRS 101 (continued)

Transition to IFRS: Reconciliation of Equity

	£000
As at 30 June 2014	358,366
Goodwill amortisation	(233,100)
Goodwill impairment	233,100
Computer software depreciation	(121,457)
Computer software amortisation	121,457
	<hr/>
Restated as at 30 June 2014	358,366
	<hr/>