Hangar 8 Management Limited

Report and Financial Statements

Year ended

30 June 2014

Company Number 06740432

Hangar 8 Management Limited
Report and financial statements
for the year ended 30 June 2014

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Directors

D Dryden
K Blay
K A Callan
G Martin

Secretary

K Blay

Registered office

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

Company number

06740432

Bank

HSBC Bank Plc, 10 High Street, Kidlington, Oxford, OX5 2DH

Auditors

Grant Thornton UK LLP, 3140 Rowan Place, John Smith Drive, Oxford, Oxfordshire, OX4 2WB

Hangar 8 Management Limited
Strategic Report

Our industry

The market the company is operating in is a steadily growing market being fuelled by a substantial growth of the global business aviation fleet. The US market, a precursor for the European business aviation market, shows substantial increase of charter usage and an increased utilisation of younger and larger aircraft; the previously slightly subdued European spot charter market is now showing clear signs of positive growth, tracking its US counterpart. We are thus expecting strong and improved market conditions.

Our strategy

It is within these market conditions that we are aiming to become the world's leading provider of private aviation services. In order to achieve this goal we have a clearly defined strategy to diversify and expand our service offerings, underpinned by four pillars: scale, reach, breadth and depth.

Scale; we aim to increase our scale by expanding the number of aircraft under management through organic growth as well as acquisition and continue to shift from smaller to heavier aircraft in order to meet market demand for long range capabilities. This growth in scale allows us to benefit from increased buying power, widened geographic reach and sector diversification. All of these benefits translate into attractiveness to current and potential customers who wish to enjoy the enhanced service, increased safety and financial advantages associated with a large service provider.

Reach is our second pillar of our growth strategy; we tailor our services to meet specific client needs and build relationships based on quality of service and reputation, leading to referrals from key clients and their professional advisory team. We also aim to raise our profile through strategic partnerships in key growth geographical markets and sectors.

Breadth is a further way for us to expand our offerings. The company is able to offer long term customer contracts that better support our clients' needs and at the same time provide the group with more balanced and diversified sources of revenue. A larger geographical footprint will also allow us to serve our customers better and operate our aircraft more efficiently, increasing the percentage of revenue generating flights.

Depth is the final and fourth pillar of our growth strategy. The company is continuing to internalise previously outsourced functions in order to shorten turnaround times and enhance quality of services provided. This internalisation allows us to provide an overall better service, as well as strengthen relationships with our customers who wish to have their aircraft operated and maintained by the same service provider.

Operational review of our business

2014 was a strong and successful year for the Company as the outcomes arising from our focused strategy enabled the company to produce another year of strong organic growth. Our growth in the year was not only assisted by our increase in the breadth and depth of the services we offer and the sheer scale of our operations, but also from improving economic and market conditions as well as continued disruption to schedule services by political instability and epidemics.

Hangar8's enhanced full-service management operation has served to improve the quality and breadth of our offering. We have focused on increasing the number of heavy and super-heavy jets, enhanced our supply chain management and expanded our internal capabilities.

Our growing fleet allows us to benefit from greater economies in scale particularly in territories where we already have an established infrastructure. This in turn is enabling us to be more competitive in our tendering process and is helping us to secure new long-term contracts. Our growing geographical presence and ability to fly greater distances without stopping is also helping us to improve our service offering and meet the needs of our clients.

We continue to pursue our strategy to align our offering with market demand and to be increasingly self-sufficient.

Financial review

Revenue Reporting

Management has reviewed its judgement on the method of reporting of revenues, based upon the contractual relationships with both customers and suppliers. Historically the judgement had been to report recharges of flight cost expenses incurred on behalf of a customer and disbursed as a pass through cost and so not report this as revenue. With the introduction of several larger higher value aircraft during the year, which involve differing types of contractual arrangements, Management now considers that it should treat these rechargeable expenses incurred on a customer's behalf as part of Revenue, but which do not impact upon gross profit. Management had always reported charter; engineering and recurring fixed fee income sources as revenue, but now with the inclusion of rechargeable expenses shall refer to Total Revenues unless otherwise stated, and the prior year comparison figures are now reported on that same basis.

The total gross revenue for the year was £33.4m (2013: £24.5m), an increase of 36%, yielding a gross profit of £4.7m (2013: £4.3m), an increase of 8%.

Overhead costs were £5.4m (2013: £3.9m), reflecting an investment in a strengthened management team.

These results generated a lower operating profit, down £1.2 to -£0.8m (2013: £0.4m).

Cash increased to £2.4m (2013: £1.8m), and the net assets of the Group amounted to -£0.4m (2013: £0.5m).

Key Performance Indicators

The Board reviews key performance indicators which it uses to monitor and measure the Company's performance. These fall into three principal categories: financial, marketing and service delivery.

Key financial performance indicators included within the monthly management information include:

- Operating profit and gross margin analysis;
- Aeroplane numbers, hours operated and contracted revenue; and
- Cash flow information and a review of turnover by client.

These are all compared to the annual budget set at the beginning of the financial year. The budgets and financial information are prepared and reviewed monthly.

Another key indicator for the Company is to monitor itself against its competitors in the aviation sector and to ensure that its returns are at least in line with these competitors. The Board is satisfied with the net return achieved in the current financial year given the difficulties experienced by the Company's competitors.

The quality of the services the Company provides is monitored by customer and client satisfaction surveys. The Company differentiates its service offerings based on the quality of its services and the Board is satisfied that the results of these surveys confirm that these high standards are being maintained.

The Company's KPIs for the year are set out below:

	2014	2013
Gross margin	14%	18%
Operating (loss)/profit	-£0.8	£0.4
Cash balances at end of year	£2.4m	£1.8m

Other KPIs are obtained from the Company's proprietary Information Technology systems which provide qualitative information regarding internal and external delivery as well as the marketing and service delivery information referred to above. The Directors are satisfied with the performance of these KPIs.

Principal risks and uncertainties

The principal financial risks the Company is exposed to include market, foreign exchange, credit and liquidity risks.

The Board continues to implement its medium term objective to build and broaden the business activities of the Company within the aviation sector. The Board will continue to focus on the Company's costs in order to improve profitability. The Directors believe that there are a number of trends and factors which could affect the development, performance and position of the business. Future economic uncertainty or significant increases in jet related costs (e.g. fuel costs) could result in a reduction in the demand for private jets in the future and/or a reduction in the profitability of the Company. However, given the repositioning of the business to increase the exposure to fast growing economies such as Africa and Central Asia the Directors have taken steps to mitigate these risks.

The Company has sufficient insurance in place should any unforeseen event arise which prejudices the value of an aircraft.

The Company operates in markets which are price competitive. The Company mitigates this risk by ensuring that the services it offers are of the highest quality and controlling its variable cost base to ensure that work is tendered for at a level which is price competitive while maintaining an acceptable margin for the Company.

As with any company, senior management are the Company's key asset and losing key staff is a risk to the business. This risk is reduced by ensuring staff are competitively incentivised through basic pay, bonuses and share options.

The aviation industry is highly regulated. The Directors believe that the Company is compliant with its regulatory regimes, however there may be future reforms or changes in other legislation which may affect the Company's operations going forward. Non-compliance could have a negative impact upon the Company's ability to continue to operate profitably and therefore, there is a regime of constant dialogue with the regulatory authorities to keep abreast of any changes and internally a focus upon training of staff to best position the Company to deal with any such changes.

The Company's operations are reliant upon holding AOC's (Air Operator's Certificates) of both Type A and B granted by the Civil Aviation Authority and continuing to comply with the relevant conditions. The Company has stringent internal controls in order to comply with the relevant conditions and has a Quality Department dedicated to liaising with the regulatory authorities to monitor any changes in the conditions and ensure continuing compliance with the existing and new conditions.

Going Concern

The Directors have reviewed the cash flow projections for the company for the 12 months from the date of signing this report and have considered the resources available to the company. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

In addition, the ultimate holding company, Gama Aviation Plc (formerly known as Hangar 8 Plc), will provide the necessary financial support and guarantees to ensure the company continues as a going concern for at least 12 months from the date of the signing of these accounts. The ultimate holding company has no intention of disposing its interest within the company during this period.

K Callan
Director

Date: 14-AUG-2015

Hangar 8 Management Limited
Report of the directors
for the year ended 30 June 2014

The Directors have pleasure in presenting their report and the audited financial statements of Hangar 8 Management ("Hangar 8" or "the Company") for the year ended 30 June 2014.

Principal Activities

The Company is one of Europe's largest managers and operators of privately owned passenger jet aircraft. Management fees are charged covering both operational and technical management. Direct operational costs related to the aircraft flights are disbursed to the owners at cost.

Directors

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

D Dryden
K Blay
K A Callan
G Martin (appointed 17 July 2013)

Business Review

The business has increased the number of aircraft under management, and at the same time has focused on larger, heavier long range private aircraft producing higher margins within improved economies of scale. Our managed fleet of aircraft has improved, and now includes aircraft capable of up to a 9,000 kilometres range without a re-fuelling stop.

Future Developments

It is our aim to focus on securing long-term contracts. Contracts provide us with greater forward visibility of our revenue, enabling us to plan better for the future. The nature of each contract is bespoke to each client, but the similar types of aircraft and operating logistics enables us to benefit from economies of scale as more contracts are secured. Multiple contracts in any one region further allow us to leverage the infrastructure we already have, making us increasingly competitive when tendering.

The growth in developing economies, funded by the developed world, has increased the need for businesses to use efficient travel to access international clients and bases. The use of a private aircraft under a long-term contract with Hangar 8 to transport senior directors, specialist staff or essential machine parts into regions where there is no other viable means of travel is invaluable and we now have the capability of long range aircraft to assist. Our in-depth support of the oil, gas and minerals sectors has gone from strength to strength, aided by our impeccable European standards and safety. Securing long-term contracts is a complicated business and requires a team of experts, not just in financial transactions but in the full understanding of aviation requirements and capabilities to ensure each of our clients receives the best service on offer. This is why, whilst the financial benefits of each part of our business is of primary focus, we have been quick to invest in our people and our infrastructure to ensure we have the best possible systems and expertise ready to enable the smooth operation of these bespoke services.

Hangar 8 Management Limited
Report of the directors
for the year ended 30 June 2014

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Key Performance Indicators

The Board reviews key performance indicators which it uses to monitor and measure the Company's performance.

Key financial performance indicators included within the monthly management information include:

- Revenue
- Gross Margin
- Adjusted EBITDA

These are all compared to the annual budget set at the beginning of the financial year. The budgets and financial information are prepared and reviewed.

Another key indicator for the Company is to monitor itself against its competitors in the aviation sector and to ensure that its returns are at least in line with these competitors. The Board is satisfied with the net return achieved in the current financial year given the difficulties experienced by the Company's competitors.

The quality of the services the Company provides is monitored by customer and client satisfaction surveys. The Company differentiates its service offerings based on the quality of its services and the Board is satisfied that the results of these surveys confirm that these high standards are being maintained.

During the year, the Company showed improved KPI's.

	2014	2013
Revenue	£33,415k	£24,537k
Gross Margin	£4,657k	£4,297k
Adjusted EBITDA *	-£362k	£823k

*Adjusted EBITDA is arrived at by taking operating profit before depreciation, amortisation and exceptional items.

Other KPIs are obtained from the Company's proprietary Information Technology systems which provide qualitative information regarding internal and external delivery as well as the marketing and service delivery information referred to above. The Directors are satisfied with the performance of these KPIs.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going Concern

The Directors have reviewed the cash flow projections for the company for the 12 months from the date of signing this report and have considered the resources available to the company. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

In addition, the ultimate holding company, Gama Aviation Plc (formerly known as Hangar 8 Plc), will provide the necessary financial support and guarantees to ensure the company continues as a going concern for at least 12 months from the date of the signing of these accounts. The ultimate holding company has no intention of disposing its interest within the company during this period.

Hangar 8 Management Limited
Report of the directors
for the year ended 30 June 2014

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.

Auditors

Each of the persons who are a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has 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.

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

On behalf of the Board

K Callan
Director

Date: 14 - AUG - 2015

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 2014 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 Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 30 June 2014 and of its loss 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.

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 year for which the

Hangar 8 Management Limited
Independent auditor's report

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from
- 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, Chartered Accountants
3140 Rowan Place, John Smith Drive, Oxford, Oxfordshire, OX4 2WB

Date: 14 August 2015.

Hangar 8 Management Limited
Profit and Loss account
for the year ended 30 June 2014

	Note	Year ended 30 June 2014	Year ended 30 June 2013 Restated
		£	£
Turnover	2	**33,415,142**	24,537,237
Cost of sales		**(28,757,809)**	(20,240,138)
Gross profit		**4,657,333**	4,297,099
Administrative expenses		**(5,414,630)**	(3,899,580)
Other operating income	6	**-**	-
Operating (loss)/profit on ordinary activities before taxation	3	**(757,297)**	397,519
Taxation on profit on ordinary activities	7	**(104,546)**	(17,630)
(Loss)/profit on ordinary activities after taxation	15	**(061,043)**	370,880

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 12 to 19 form part of these financial statements.

Hangar 8 Management Limited
Balance sheet
for the year ended 30 June 2014

Company number 06740432	Note	30 June 2014 £	30 June 2014 £	30 June 2013 Restated £	30 June 2013 Restated £
Fixed assets					
Tangible assets	8	195,035		176,193	
Intangible asset	9	266,272		453,522	
			461,307		629,715
Current assets					
Stocks	10	10,884		8,251	
Debtors	11	20,231,091		13,907,722	
Cash at bank and in hand		2,385,206		1,836,727	
		22,627,181		15,752,700	
Creditors: amounts falling due within one year	12	(23,423,457)		(15,864,622)	
Net current liabilities			(796,276)		(111,922)
Total assets less current liabilities			(334,969)		517,793
Provisions for liabilities	13		(22,397)		(13,316)
Net assets			(357,366)		504,477
Capital and reserves					
Share capital	14		1,000		1,000
Profit and loss account	15		(358,366)		503,477
Shareholders' funds	16		(357,366)		504,477

The financial statements were approved by the Board of Directors and authorised for issue on 14-Aug-2015

K Callan
Director

The notes on pages 12 to 19 form part of these financial statements.

1 Accounting policies

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

Going Concern

The Directors have reviewed the cash flow projections for the company for the 12 months from the date of signing this report and have considered the resources available to the company. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

In addition, the ultimate holding company, Gama Aviation Plc (formerly known as Hangar 8 Plc), will provide the necessary financial support and guarantees to ensure the company continues as a going concern for at least 12 months from the date of the signing of these accounts. The ultimate holding company has no intention of disposing its interest within the company during this period.

The following principal accounting policies have been applied:

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;
- Minimum guaranteed hours – the higher of the hours used or the guaranteed hours, and
- 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.

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	-	3 years
Fixtures and equipment	-	3 years

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 of 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.

3 Operating profit

	Year ended 30 June 2014 £	**Year ended 30 June 2013 £**
This has been arrived at after charging:		
Auditors remuneration:		
- Audit services	**93,051**	20,002
- Non audit services	**-**	3,750
Foreign exchange	**98,186**	156,280
Depreciation charge	**161,962**	198,953
Amortisation charge	**233,100**	226,714
Operating rentals – Land and buildings	**50,680**	42,565

4 Employees

	Year ended 30 June 2014 £	Year ended 30 June 2013 £
Wages and salaries	**1,603,326**	1,301,812
Social security costs	**153,129**	116,032
Pension costs	**27,333**	17,110
	1,783,788	1,434,954

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

	Year ended 30 June 2014 Number	Year ended 30 June 2013 Number
Administration, key management and personnel	**45**	32

5 Directors remuneration

The directors have not drawn any remuneration or benefits from the company throughout the year (2013 - £nil).

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 statement of financial position 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:

Income statement	Year ended 30 June 2014 £	Year ended 30 June 2013 £
Commission on arrangement of aircraft leases	-	-
Legal fees directly incurred in arranging the leases	-	-
Other operating income	-	-

Statement of financial position:	2014 £	2013 £
Finance lease receivable	865,000	1,381,000
Finance lease payable	(865,000)	(1,381,000)
Net finance lease receivable/payable	-	-

7 Taxation on profit on ordinary activities

	Year ended 30 June 2014 £	Year ended 30 June 2013 £
Current tax		
UK corporation tax on profit for the year and total current tax	95,465	34,911
Deferred tax		
Origination and reversal of timing differences	9,081	(17,281)
Taxation on profit on ordinary activities	104,546	17,630

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 2014 £	Year ended 30 June 2013 £
Profit on ordinary activities before tax	(757,297)	397,519
Expected tax charge based on the standard rate of corporation tax in the UK of 22.50% (2013: 23.75%)	(170,392)	94,411
Effect of:		
Group relief	45,843	(102,697)
Expenses not deductible for tax purposes	26,691	9,687
Unrelieved tax losses and other deductions	-	-
Differences between capital allowances for period and depreciation	(8,410)	17,281
Adjustment to tax charge in respect of previous periods	201,733	16,229
Current tax charge for the year	95,465	34,911

8 Tangible fixed assets

	Computer software £	Motor vehicles £	Plant and machinery £	Fixtures and equipment £	Total £
Cost					
Balance at 1 July 2013	321,342	9,609	159;191	97,859	588,001
Additions	150,439	-	39,893	447	190,779
Disposals	-	-	-	(21,230)	(21,230)
Balance at 30 June 2014	**471,781**	**9,609**	**199,084**	**77,076**	**757,550**
Accumulated depreciation					
Balance at 1 July 2013	231,523	6,406	96,040	77,839	411,808
Depreciation	121,457	2,402	34,206	3,897	161,962
Disposals	-	-	-	(11,255)	(11,255)
Balance at 30 June 2014	**352,980**	**8,808**	**130,246**	**70,481**	**562,515**
Net book value					
At 30 June 2014	**118,801**	**801**	**68,838**	**6,595**	**195,035**
At 30 June 2013	89,819	3,203	63,151	20,020	176,193

9 Intangible assets

	AOC £	Goodwill £	Total £
Cost			
Balance at 1 July 2013	-	1,133,570	1,133,570
Additions	45,850	-	45,850
Balance at 30 June 2014	**45,850**	**1,133,570**	**1,179,420**
Accumulated amortization			
Balance at 1 July 2013	-	680,048	680,048
Amortisation	-	233,100	233,100
Balance at 30 June 2014	**-**	**913,148**	**913,148**
Net book value			
At 30 June 2014	**45,850**	**220,422**	**266,272**
At 30 June 2013	-	453,522	453,522

10 Stock

	2014 £	2013 £
Raw materials and consumables	**10,884**	8,251

11 Debtors

	2014 £	2013 £
Trade debtors	**2,998,769**	5,114,172
Amounts owed from group companies	**5,674,357**	4,498,087
Other debtors	**716,025**	366,776
VAT	**422,580**	92,403
Prepayments and accrued income	**10,380,104**	3,836,284
Deferred tax	**39,256**	-
	20,231,091	13,907,722

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	**8,411,994**	7,936,751
Amounts owed to group companies	**6,130,675**	3,078,966
Corporation tax	**153,404**	150,015
Other creditors	**3,036,552**	2,499,627
Accruals and deferred income	**5,505,928**	1,872,487
Other tax and social security	**184,904**	326,776
	23,423,457	15,864,622

13 Provisions for liabilities

	Deferred Taxation £
At 1 July 2013	13,316
Credited to profit and loss account	9,081
At 30 June 2014	**22,397**

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

14 Share capital

	30 June 2014 No	30 June 2014 £	30 June 2013 No	30 June 2013 £
Allotted called up and fully paid:				
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

15 Reserves

	Profit and loss Account £
At 1 July 2013	503,477
Profit for the year	(861,843)
At 30 June 2014	**(358,366)**

16 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
At start of year	**504,477**	124,588
Profit for the year	**(861,843)**	379,889
At year end	**(357,366)**	504,477

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 2014			Year ended 30 June 2013		
	Purchases £	Outstanding 30 June £	Loans £	Purchases £	Outstanding 30 June £	Loans £
Related party:						
Offshore Jets	-	-	-	201,707	333,572	-

Offshore Jets was an entity controlled by Dustin Dryden, one of the company's directors, until 28 June 2013.

18 Controlling party

The Company's ultimate controlling party is Gama Aviation Plc, formerly known as Hangar 8 Plc, a company registered in England and Wales, which holds 100% of the share capital of the Company. The consolidated accounts of Gama Aviation Plc are available from Companies House.