Hangar 8 Management Limited

Report and Financial Statements

Year ended 31 December 2018

Company Number 06740432

Hangar 8 Management Limited
Contents

Hangar 8 Management Limited
Officers and professional advisors

Directors	M A Khalek S P Wright K M Godley (resigned 1 February 2018)
Company Secretary	M Taylor
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

Hangar 8 Management Limited
Directors' report
Year ended 31 December 2018

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2018.

Principal activities

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

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 year and to the date of this report.

Directors

The Directors who served the Company during the year were as follows:
M A Khalek
S P Wright
K M Godley (resigned 1 February 2018)

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.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

Signed on behalf of the Directors

M A Khalek
Director

Approved by the Directors on 2/10/2019

Hangar 8 Management Limited
Directors' responsibilities statement
Year ended 31 December 2018

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 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 and 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;
- 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 each Director is 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.

Signed on behalf of the Directors

M A Khalek
Director

Approved by the Directors on 2/10/2019

Grant Thornton

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

Opinion

We have audited the financial statements of Hangar 8 Management Limited (the 'Company') for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

GrantThornton

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Grant Thornton UK LLP

Pinkesh Patel
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Wokingham
United Kingdom

2/10/2019

Hangar 8 Management Limited
Income statement
Year ended 31 December 2018

	Note	Year ended 2018 £	Year ended 2017 £
Revenue	3	-	755,669
Cost of sales		-	(626,409)
Gross profit		-	129,260
Administrative credit		**1,967,249**	2,482,555
Operating profit	4	**1,967,249**	2,611,815
Attributable to:			
Operating (loss)/ profit before exceptional items		**(31,575)**	375,387
Exceptional items	4	**1,998,824**	2,236,428
Operating profit		**1,967,249**	2,611,815
Finance income	6	**3,195**	-
Finance costs	7	-	(11,898)
Profit before taxation		**1,970,444**	2,599,917
Taxation	8	-	-
Profit and total comprehensive income for the year		**1,970,444**	2,599,917

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

The notes on pages 9 to 15 form part of these financial statements.

Hangar 8 Management Limited
Balance sheet
At 31 December 2018

	Note	2018 £	2017 £
Current assets			
Trade and other receivables	9	804,206	2,138,948
Cash and bank balances		-	9,467
		804,206	2,148,415
Total assets		**804,206**	2,148,415
Current liabilities			
Trade and other payables	10	**(1,181,058)**	(4,495,711)
		(1,181,058)	(4,495,711)
Total assets less current liabilities		**(376,852)**	(2,347,296)
Net liabilities		**(376,852)**	(2,347,296)
Shareholders' equity			
Share capital	12	**1,000**	1,000
Profit and loss account	13	**(377,852)**	(2,348,296)
Total shareholder's deficit		**(376,852)**	(2,347,296)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 2/10/2019, and are signed on their behalf by:

M A Khalek
Director
Company Registration Number: 06740432

The notes on pages 9 to 15 form part of these financial statements.

Hangar 8 Management Limited
Statement of changes in equity
Year ended 31 December 2018

Attributable to owners of the Company

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2017	**1,000**	**(4,948,213)**	**(4,947,213)**
Profit for the year	-	2,599,917	**2,599,917**
Total comprehensive income for the year	**-**	**2,599,917**	**2,599,917**
Balance at 31 December 2017	**1,000**	**(2,348,296)**	**(2,347,296)**
Profit for the year	-	1,970,444	**1,970,444**
Total comprehensive income for the year	**-**	**1,970,444**	**1,970,444**
Balance at 31 December 2018	**1,000**	**(377,852)**	**(376,852)**

The notes on pages 9 to 15 form part of these financial statements.

1. Company Information

Hangar 8 Management Limited (the 'Company') is a limited liability company and is incorporated and domiciled in England and Wales and its registered office is disclosed on Page 1. The principal activities of the Company relate to the management and operation of privately owned passenger jet aircraft.

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 polices 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.

New standards, amendments and IFRIC interpretations

IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' are new accounting standards that are effective for the year ended 31 December 2018. There has been no impact to the financial statements on the adoption of these standards. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018, which have had a material impact on the Company.

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 2018. 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) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
(b) IFRS 7, 'Financial instruments: Disclosures'.
(c) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
(d) Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
– paragraph 79(a)(iv) of IAS 1;
– paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
– paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
(e) The following paragraphs of IAS 1, 'Presentation of financial statements':
– 10(d) (statement of cash flows);
– 16 (statement of compliance with all IFRS);
– 38A (requirement for minimum of two primary statements, including cash flow statements);
– 38B–D (additional comparative information);
– 111 (cash flow statement information); and
– 134–136 (capital management disclosures).
(f) IAS 7, 'Statement of cash flows'.
(g) Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
(h) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
(i) The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

2. Accounting policies (continued)

Significant accounting policies

(a) Revenue

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 accruals 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) 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.

(e) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

(f) 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.

2. Accounting policies (continued)

Significant accounting policies (continued)

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position 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
The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses are updated at each reporting date.

The new impairment model only applies to the Company's financial assets that are debt instruments measured at amortised costs or FVTOCI as well as the Company's finance lease receivables, contract assets and issued financial guarantee contracts. The Company has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and contracts assets as required or permitted by IFRS 9.

Expected credit losses are calculated with reference to average loss rates accurately incurred in the three most recent reporting periods to which a country risk premium is added. The combined loss rate represents the maximum expected credit default risk, which is expressed as a percentage. This percentage rate is then applied to current receivable balances using a probability risk spread as follows:

- 80% of debt not yet due (i.e. the Group's average combined loss rate of 1% is discounted by 20%, meaning a 0.8% provision would be made to debt not yet due);
- 85% of debt that is <30 days overdue;
- 90% of debt that is 30-60 days overdue;
- 95% of debt that is 60-90 days overdue; and
- 100% of debt that is >90 days overdue.

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.

2. Accounting policies (continued)

Significant accounting policies (continued)

(h) 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:

Key accounting estimates

- 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.
- A provision for intercompany balances is calculated based on management's best estimate of the amounts which will be recovered from intercompany balances. The estimate of the provision for intercompany balances vary from the actual amounts recovered if the group company becomes unable to pay.

Key judgements

- The directors exercise judgement in measuring and recognising provisions and exposures to contingent liabilities related to pending litigation and outstanding claims. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise and estimates are required to determine the possible range of any financial settlement. Due to the inherent uncertainty of such matters, the estimates used may differ from the actual outcome. Details of contingent liabilities are included in note 11.

3. Revenue

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

4. Operating profit

Profit for the year is stated after charging/(crediting):

	Year ended 2018 £	Year ended 2017 £
Net foreign exchange (losses) / gains	**20,386**	(11,619)
Exceptional items: Integration & business reorganisation credit	**(2,433,748)**	(2,451,758)
Exceptional items: Litigation costs	**434,924**	215,330

As part of a plan to restructure and simplify the legal entity structure of the Gama Aviation plc group, intercompany loan forgiveness of £2,433,748 has been included in exceptional items. The company has incurred legal fees of £434,924 in respect of ongoing litigation.

The 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 audit was accrued by the ultimate parent company Gama Aviation Plc on behalf of the Company.

The Company has no employees (2017: nil)

5. Director's 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. These directors are paid through Gama Group Limited for group services performed.

6. Finance income

	Year ended 2018 £	Year ended 2017 £
Foreign currency translation on intercompany balances	**3,195**	-

Hangar 8 Management Limited
Notes to the financial statements
Year ended 31 December 2018

7. Finance cost

	Year ended 2018 £	Year ended 2017 £
Foreign currency translation on intercompany balances	-	11,898

8. Taxation

	Year ended 2018 £	Year ended 2017 £
Corporation tax:		
Current tax	-	-
Deferred tax	-	-
Total tax charge for the year	-	-

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 19% (2017: 19%).

	Year ended 2018 £	Year ended 2017 £
Profit before tax	**1,970,444**	2,599,917
Tax at the corporation tax rate of 19% (2017: 19%)	**374,384**	493,984
Effects of:		
Income not taxable	**(462,412)**	(470,527)
Differences between capital allowances and depreciation	**(2,508)**	(3,049)
Group relief claimed/ (surrendered)	**90,536**	(20,408)
Total tax charge for the year	-	-

The standard rate of corporation tax in the UK will be reduced by 2% to 17% in 2020.

There is an unrecognised deferred tax asset of £243,040 (2017: £291,897) due to losses and other temporary differences, because the future recoverability of the asset is uncertain.

9. Trade and other receivables

	2018 £	2017 £
Trade receivables	**952,483**	1,871,658
Allowance for doubtful debts	**(182,991)**	(176,895)
	769,492	1,694,763
Other receivables	**2,887**	31,265
Amounts owed from group companies	**31,827**	412,812
Prepayments and accrued income	**-**	108
	804,206	2,138,948

The net carrying value of trade receivables is considered a reasonable approximation of fair value. All of the Company's trade receivables have been reviewed for indicators of impairment, no impairment was deemed necessary (2017: nil). Amounts due from group companies are repayable on demand and do not carry any interest charge.

10. Trade and other payables

	2018 £	2017 £
Trade payables	**981,982**	2,468,068
Amounts owed to group companies	**199,076**	1,187,836
Accruals and deferred income	**-**	839,807
	1,181,058	4,495,711

11. Contingent liabilities

The Company was one of the subsidiaries in the Gama Aviation plc group of companies that was previously involved in legal proceedings relating to historic Hangar 8 trading activity prior to the merger in January 2015 and relating to disputes with Dustin Dryden and affiliated entities. The Group reached an agreement with the Dryden Parties (Dustin Dryden and associated entities) to settle the legal proceedings between the parties. Under the terms of the agreement, which was in full and final settlement of the court proceedings between the parties, the Dryden Parties undertook to withdraw their various damages claims against the Company, and to transfer value to the Company by a cash payment and transfer of certain assets; and the Company undertook to withdraw its debt recovery claims against the Dryden Parties.

Following the settlement of the disputes with Dustin Dryden (a former executive director of the Group who resigned in September 2015) and affiliated entities as reported at the half year, the remaining proceedings fall into two categories.

- The first involves proceedings by the Group to recover long-standing trade receivables that amount to approximately £3.4m. The Group has made adequate provisions or holds security against these claims and as a result the Board does not expect any further provisions will be required. In addition, based on legal advice, the Board considers the proceedings to recover these receivables are likely to be successful, noting that the Group has already obtained summary judgments for a portion of these claims in the sum of £0.5m.

- The second involves two proceedings brought against the Group in which the claimants seek to recover damages for alleged contractual breaches or alleged unpaid flight charges which amount to approximately £4.6m. Based on a detailed analysis of the claims and legal advice, the Board believes that these claims are speculative and/or overlapping and the Group continues to vigorously defend them.

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 highly improbable that any liability will crystallise as a result of this composite company multilateral guarantee.

12. Share capital

Authorised, allotted and fully paid

	2018 £	2017 £
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.

13. Reserves

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

14. Related party transactions

As permitted by FRS 101, related party transactions with the wholly owned members of the Gama Aviation Plc group have not been disclosed.

15. Ultimate parent company

The Company is controlled by its parent company, Gama Aviation Plc. a company incorporated in England and Wales. The immediate and ultimate parent undertaking is 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