

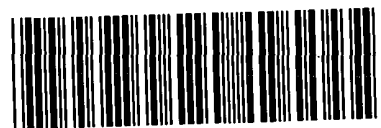
## Hangar 8 Management Limited

Report and Financial Statements

Year ended 31 December 2017

Company Number 06740432

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## **Hangar 8 Management Limited**

### **Contents**

	<b>Page</b>
Officers and professional advisors	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4-5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9-17

## **Hangar 8 Management Limited**

### **Officers and professional advisors**

<b>Directors</b>	M A Khalek S P Wright K M Godley (resigned 1 February 2018)
<b>Company Secretary</b>	M Taylor
<b>Registered office</b>	Business Aviation Centre Farnborough Airport Farnborough Hampshire GU14 6XA
<b>Auditor</b>	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 2017**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

#### **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.

#### **Charitable and political donations**

The Company made no charitable or political donations (2016: £nil).

#### **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**

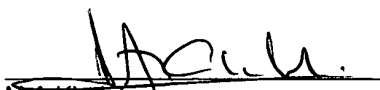
The Company relies on the continued financial support from Gama Aviation Plc, the ultimate parent company to enable it to continue operating and meeting its liabilities as they fall due. The Directors believe it is appropriate to prepare the accounts on a going concern basis as they have received confirmation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

#### **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.

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 26/06/18

# Hangar 8 Management Limited

## Directors' responsibilities statement

### Year ended 31 December 2017

#### 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 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



M.A. Khalek  
Director

Approved by the Directors on 26/06/18

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

### **Opinion**

We have audited the financial statements of Hangar 8 Management Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 2017 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.

### **Who we are reporting to**

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.

### **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 directors' report. 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

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

### **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 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.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Grant Thornton UK LLP

Pinkesh Patel  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading  
United Kingdom  
28/06/2018

**Hangar 8 Management Limited**  
**Statement of comprehensive income**  
**Year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	3	755,669	4,582,411
Cost of sales		(626,409)	(4,598,673)
<b>Gross profit/(loss)</b>		<b>129,260</b>	<b>(16,262)</b>
Administrative credit		2,482,555	51,727
<b>Operating profit</b>	4	<b>2,611,815</b>	<b>35,465</b>
<b>Attributable to:</b>			
Operating profit before exceptional items		375,387	35,465
Exceptional items <sup>1</sup>		2,236,428	-
<b>Operating profit</b>		<b>2,611,815</b>	<b>35,465</b>
Interest receivable and similar income	7	-	332,020
Interest payable and similar charges	8	(11,898)	(13,705)
<b>Profit on ordinary activities before taxation</b>		<b>2,599,917</b>	<b>353,780</b>
Tax on profit on ordinary activities	9	-	(291,897)
<b>Profit and total comprehensive income for the year</b>		<b>2,599,917</b>	<b>61,883</b>

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

<sup>1</sup>Exceptional items relate to intercompany loans forgiveness and to legal costs incurred with respect to historic Hangar 8 activity, which do not form part of the underlying earnings of the business

The notes on pages 9 to 17 form part of these financial statements.



**Hangar 8 Management Limited**  
**Statement of financial position**  
**At 31 December 2017**

	Note	2017 £	2017 £	(restated) 2016 £	(restated) 2016 £
<b>Current assets</b>					
Debtors due within one year	10	2,138,948		1,584,073	
Cash at bank and in hand		9,467		34,965	
		<u>2,148,415</u>		<u>1,619,038</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(4,495,711)</u>		<u>(6,566,251)</u>	
<b>Net current liabilities</b>			<b>(2,347,296)</b>		<b>(4,947,213)</b>
<b>Total assets less current liabilities</b>			<b>(2,347,296)</b>		<b>(4,947,213)</b>
<b>Net Liabilities</b>			<b>(2,347,296)</b>		<b>(4,947,213)</b>
<b>Capital and reserves</b>					
Called up equity share capital	15		1,000		1,000
Profit and loss account	16		<b>(2,348,296)</b>		<b>(4,948,213)</b>
<b>Shareholders' deficit</b>			<b>(2,347,296)</b>		<b>(4,948,213)</b>

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 26/06/18, and are signed on their behalf by:



M A Khalek  
Director

Company Registration Number: 06740432

The notes on pages 9 to 17 form part of these financial statements.

**Hangar 8 Management Limited**  
**Statement of changes in equity**  
**Year ended 31 December 2017**

**Attributable to owners of the Company**

	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2016 as previously stated	1,000	(4,170,289)	(4,169,289)
Prior year adjustment (note 14)	-	(839,807)	(839,807)
At 1 January 2016 (Restated)	1,000	(5,010,096)	(5,009,096)
Profit for the financial year	-	61,883	61,883
Total comprehensive income for the year	-	61,883	61,883
At 31 December 2016	1,000	(4,948,213)	(4,947,213)
Profit for the financial year	-	2,599,917	2,599,917
Total comprehensive income for the year	-	2,599,917	2,599,917
At 31 December 2017	1,000	(2,348,296)	(2,347,296)

The notes on pages 9 to 17 form part of these financial statements.

# **Hangar 8 Management Limited**

## **Notes to the financial statements**

### **Year ended 31 December 2017**

#### **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 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.

##### **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 2017. These financial statements are available from the Gama Aviation website: [www.gamaaviation.com](http://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 IFRS 7 'Financial Instruments: Disclosures' due to the fact that equivalent disclosures are provided by the parent entity;
- (b) 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

### Year ended 31 December 2017

#### 2. Accounting policies (continued)

##### Disclosure exemptions adopted (continued)

- (c) the requirements of paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements' relating to capital management disclosures;
- (d) the requirements of IAS 7 'Statement of Cash Flows' to disclose a statement of cash flows;
- (e) 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;
- (f) the requirements of IAS 24 'Related Party Disclosure' to disclose the compensation of key management personnel; and
- (g) 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 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 profit and loss account.

###### (f) 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 over the life of the lease.

**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**2. Accounting policies (continued)**

**(g) 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.

**(h) 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 statement of comprehensive income.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each statement of financial position 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.

# Hangar 8 Management Limited

## Notes to the financial statements

### Year ended 31 December 2017

#### 2. Accounting policies (continued)

##### *(h) Financial instruments (continued)*

###### **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.

##### *(m) 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.
- 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.
- 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 13.

**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**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 profit/(loss)**

Operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of owned fixed assets	-	6,101
Cost of inventories recognised as an expense	-	10,606
Auditor's remuneration <sup>1</sup>	-	-
Net gain on foreign currency translation	<b>(11,619)</b>	<b>(143,862)</b>

<sup>1</sup>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 was accrued by the ultimate parent company Gama Aviation Plc on behalf of the Company.

**5. Staff costs**

The Company has no employees (2016: nil).

**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. These directors are paid through Gama Group Limited for group services performed.

**7. Interest receivable and similar income**

	2017 £	2016 £
Net gain on foreign currency translation of intercompany balances	-	332,020

**8. Interest payable and similar charges**

	2017 £	2016 £
Interest payable on bank overdrafts	-	13,705
Net loss on foreign currency translation of intercompany balances	<b>11,898</b>	-
	<b>11,898</b>	13,705

**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**9. Taxation on profit on ordinary activities**

**(a) Analysis of charge in the period**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<i>Current tax:</i>		
UK Corporation tax based on the results for the period at 19% (2016: 20%)	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
<i>Deferred tax:</i>		
Charge/(credit) for the year/period	-	291,897
	<hr/>	<hr/>
Tax charge/(credit) in statement of comprehensive income	-	291,897
	<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 19% (2016: 20%).

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Profit on ordinary activities before taxation	<b>2,599,917</b>	353,780
	<hr/>	<hr/>
Profit on ordinary activities by rate of tax	<b>493,984</b>	70,756
Expenses not deductible for tax purposes	<b>(470,527)</b>	9,311
Differences between capital allowances and depreciation	<b>(3,049)</b>	(2,682)
Origination and reversal of temporary differences	<b>(20,408)</b>	(77,385)
	<hr/>	<hr/>
Total tax (note 9(a))	-	291,897
	<hr/>	<hr/>

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



**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**10. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>1,694,763</b>	1,204,240
Amounts owed from group companies	<b>412,812</b>	193,723
Other debtors	<b>31,265</b>	-
Prepayments and accrued income	<b>108</b>	186,110
	<hr/>	<hr/>
	<b>2,138,948</b>	1,584,073
	<hr/>	<hr/>

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, no impairment was deemed necessary (2016: £239,786). Amounts due from group companies are repayable on demand and do not carry any interest charge.

**11. Deferred taxation**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Included in debtors	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Balance brought forward	-	291,897
Profit and loss account movement arising during the year	-	(291,897)
	<hr/>	<hr/>
Balance carried forward	-	-
	<hr/>	<hr/>

There is an unrecognised deferred tax asset of £291,897 (2016: £291,897) due to losses and other temporary differences, because the future recoverability of the asset is uncertain.

**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**12. Creditors: amounts falling due within one year**

	2017 £	Restated 2016 £
Trade creditors	2,468,068	2,313,115
Amounts owed to group companies	1,187,836	2,607,658
Other taxation and social security	-	17,797
Accruals and deferred income	839,807	1,627,681
	<hr/> 4,495,711 <hr/>	<hr/> 6,566,251 <hr/>

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

**13. Contingent liabilities**

The Company is one of the subsidiaries in the Gama aviation plc group of companies that is involved in legal proceedings relating to historic Hangar 8 trading disputes with Dustin Dryden, a former director of Gama aviation plc, and affiliated entities.

The remaining proceedings fall into two categories, the first involves proceedings by the Group to recover long-standing trade receivables that amount to approximately £4.1m. 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 as likely to be successful.

The second involves a number of proceedings brought against the Group in which the claimants seek to recover damages for alleged contractual breaches which amount to approximately £11.4m. Based on a detailed analysis of the claims and legal advice, the Board believes that these claims are speculative and/or overlapping and the Company continues to vigorously defend them and therefore no provision has been made in the accounts.

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 multi-lateral guarantee.

Letters of credit totalling £37,010 exist at the period end.

A guarantee in favour of Washington International Insurance for \$50,000 was in existence at the year end.

**14. Prior year adjustment**

A liability of £0.8 million has been raised in the form of a prior year adjustment. This arose as a result of an obligation in relation to one particular customer arrangement for services provided prior to 2014, which had not been recognised at the time in error. This has resulted in an increase in the liabilities by £0.8 million and reduced reserves by the same amount in the prior period.

**Hangar 8 Management Limited**  
**Notes to the financial statements**  
**Year ended 31 December 2017**

**15. Share capital**

**Authorised, allotted, and fully paid:**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
1,000 Ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>

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.

**16. Reserves**

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

**17. Related part note**

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

**18. 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.

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](http://www.gamaaviation.com).