

dnata Aviation Services Limited

Registered No 7125234

Annual Report and Financial Statements

For the year ended 31 March 2014

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Company Information

Directors

R S Angus
R Marino
P Cole

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
RH10 1BG

Solicitors

Wragge Lawrence Graham & Co. LLP
4 More London Riverside,
London,
SE1 2AU

Registered office

Unit 3,
Northumberland Close,
Stanwell,
Middlesex,
TW19 7LN

Strategic report

Strategic report for the year ended 31 March 2014

The directors present their strategic report on dnata Aviation Services Limited ("the company") for the year ended 31 March 2014.

Review of the business

The profit for the financial year amounted to £69,000 (2013: £44,000).

Business description

The company continues to act as a holding company for aviation services companies through its two subsidiaries, dnata Limited in the United Kingdom and Airline Cleaning Services Pty Ltd in Australia.

On 15 April 2013, Airline Cleaning Services Pty Ltd bought all of the business and assets of the air services division of the Broadlex Group for 18,600,000 Australian Dollars (£12,739,000). This purchase was financed initially by a loan from the ultimate parent company undertaking before long term finance was arranged through a Eurobond loan of 18,700,000 Australian dollars (£12,807,630) on the Channel Island Stock Exchange on 1 May 2013 with a term ending date of 25 April 2018. This purchased business specialises in aircraft cleaning services.

The company had previously arranged a Eurobond loan of £10,000,000 on the Channel Island Stock Exchange on 29 January 2010 with a term ending date of 31 January 2016, to partly finance the purchase of dnata Limited (formerly Plane Handling Limited) and the asset purchase of the ground handling activities of Aviance UK Limited in Heathrow terminal 3 and 4.

Financial performance

The company charged interest income of £1,105,000 (2013: £619,000) on loans to its subsidiaries dnata Limited and Airline Cleaning Services Pty Ltd during the year.

The company was charged interest of £926,000 (2013: £575,000) on the financing for its investment activities, raised through Eurobond loans, during the year.

The financial statements have been prepared on a going concern basis, which is dependent on the continuing financial support of the ultimate parent company, dnata. dnata has confirmed that it will provide financing to the Company, if required, to allow the Company to pay its debts as they fall due, for a period of at least twelve months following the signing of these financial statements

No dividends were paid during the year (2013: nil) and the Directors do not recommend the payment of a final dividend.

Strategic report (continued)

Key business risks

The company's key business risks are derived from:

1. the ability of the company to pay interest and repayments on the finance raised through Eurobond loans. dnata has confirmed that it will provide financing to the Company, if required, to allow the Company to pay its debts as they fall due, for a period of at least twelve months following the signing of these financial statements.
2. the profitability of the investments in its two subsidiaries:
 - a. the key business risk of dnata Limited is derived from impacts on the worldwide aviation cargo business from high fuel prices, economic downturns, and in particular the position of Heathrow in that market which could have an effect on the dnata Limited's cargo business. Similarly, changes in the general aviation market from the high fuel prices and any general economic downturn may have an impact on dnata Limited's ground handling business.
 - b. The key business risk of Aircraft Cleaning Services Pty Ltd is derived from potential new entrants into the market due to the relatively low barriers to entry in the cabin cleaning market in Australia. Additionally, changes in the general aviation market from the high fuel prices and any general economic downturn may have an impact on the customer airlines and thereby reduce volume of passenger flights flying in Australia.

Key performance indicators

	2014	2013	% Movement
	£'000	£'000	
Interest income	1,105	619	79%
Interest expense	926	590	57%

Approved by the board and signed on its behalf



R S Angus
Director

Company number: 7125234

21 December 2014

Directors' report

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2014.

Directors

The directors who served the company during the year and up to the date of signing these financial statements were as follows:

R S Angus
R Marino
P Cole

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of its directors.

Financial risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at that level.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company maintains a mixture of loans both payable and receivable at fixed and floating rates. The company manages its interest rate risk through regular reviews of its exposure to changes in interest rates and takes action where necessary in the event of movement in the market rates.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to loans advanced to its subsidiary undertakings and bank and other borrowings. The currency giving rise to the risk is Australian Dollars. As the company has both assets and liabilities in Australian Dollars this creates a natural hedge. The company has not entered into hedging contracts for cash positions denominated in foreign currencies.

Credit risk

The company's exposure to credit risk is related to its investment in, and loans to, dnata Limited and Aircraft Cleaning Services Pty Ltd. The company manages this risk by monitoring the trading performance of its subsidiaries closely and is therefore able to anticipate any potential issues in this respect and plan actions to address these issues.

Liquidity risk

The company's liquidity relies on income from interest and dividends received from its loans and investment in its subsidiaries and the requirements of the investors in the Eurobond loans for payment of interest due on these loans.

The company aims to minimise liquidity risk by managing its investments effectively in order to ensure a regular income stream. The company also has Eurobond loans issued on the Channel Island Stock Exchange which are structured in such a manner that if there is a short term liquidity issue, the company has the option to defer interest payments and even add them to capital if necessary.

Directors' report (continued)**Disclosure of information to auditors**

In so far as the directors are aware:

- a) There is no relevant audit information of which the company's auditors are unaware; and
- b) The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent; and
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

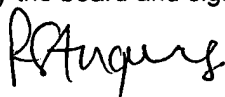
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Future developments

The company intends to continue to manage its existing investments and there are no plans to make any additional investments in the year to 31 March 2015.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved by the board and signed on its behalf



R S Angus

Independent auditors' report to the members of dnata Aviation Services Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by dnata Aviation Services Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of dnata Aviation Services Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report. We have no exceptions to report arising from this responsibility.

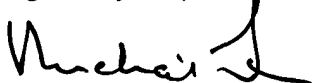
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Michael Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

29 December 2014

Profit and loss account*For the year ended 31 March 2014*

	Notes	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Administrative expenses		(46)	(6)
Operating loss	2	(46)	(6)
Interest receivable and similar income	3	1,105	619
Interest payable and similar charges	4	(926)	(590)
Profit on ordinary activities before taxation		133	23
Tax on profit on ordinary activities	5	(64)	21
Profit for the financial year	13	69	44

All the activities of the company are continuing.

There are no other gains or losses other than the results shown above and therefore no statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the profits for the year stated above and their historical cost equivalents.

Balance sheet*As at 31 March 2014*

	Notes	31 March 2014 £'000	31 March 2013 £'000
Fixed assets			
Investments	6	5,368	5,368
		<u>5,368</u>	<u>5,368</u>
 Current assets			
Debtors: amounts falling due after more than one year	7	21,091	-
Debtors: amount falling due within one year	8	1,524	24,277
Cash at bank and in hand		347	68
		<u>22,962</u>	<u>24,345</u>
 Creditors: amounts falling due within one year	9	<u>(1,664)</u>	<u>(29,580)</u>
 Net current assets / (liabilities)		<u>21,298</u>	<u>(5,235)</u>
 Total assets less current liabilities		26,666	133
 Creditors: amounts falling due after more than one year	10	<u>(26,464)</u>	<u>-</u>
 Net assets		<u>202</u>	<u>133</u>
 Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	202	133
 Total shareholders' funds	13	<u>202</u>	<u>133</u>

The notes on pages 10 to 16 form part of the financial statements.

The financial statements were approved by the board on 21 December 2014 and were signed on its behalf by



R S Angus

Director

Company number: 7125234

Notes to the financial statements*For the year ended 31 March 2014***1. Accounting policies*****Basis of preparation***

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

The company is a wholly owned subsidiary of dnata and is included in the consolidated financial statements of the dnata Group which are publicly available. Consequently the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the companies Act 2006.

Going concern

The financial statements are prepared on the going concern basis as the ultimate parent company, dnata, has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Income from shares in group undertakings

Income from shares in group undertakings represents dividend income from its subsidiaries when received.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and is consolidated in dnata Group financial statements.

Issue costs

Borrowings are initially measured at fair value less any directly attributable transaction costs. These transaction costs are amortised over the expected life of the loan.

Investments

Investments are stated at cost less provision for diminution in value. The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

Current taxation

Taxation comprises current and deferred tax. Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable (or recoverable) in respect of previous periods, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements

For the year ended 31 March 2014

1. Accounting policies (continued)

Interest

All interest income and expenses are recognised in the profit and loss account in the period in which they are incurred.

Foreign currencies

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

2. Operating loss

This is stated after charging:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Services provided by the company's auditors		
- Fees payable for the audit	8	8
Net exchange differences on foreign currency borrowings less receivables	4	15
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The company has no employees (2013 nil).

Directors' remuneration

The remuneration of the Directors is borne by a fellow Group subsidiary which makes no recharge to the Company. The Company's Directors are also Directors of fellow Group subsidiaries. It is not possible to make an accurate apportionment of their remuneration in respect of each of the fellow Group subsidiaries of which they are a Director.

3. Interest receivable and similar income

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest receivable from Group undertakings	1,105	619
	<hr/>	<hr/>

4. Interest payable and similar charges

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest payable on Eurobond loans	926	575
Amortisation of loan issue costs	-	15
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	926	590

Notes to the financial statements*For the year ended 31 March 2014***5. Tax on profit on ordinary activities**

a) Analysis of tax charge for the year

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Current tax:		
UK corporation tax on profits in the year	-	-
Amount payable to a fellow subsidiary in respect of group Relief	52	-
Adjustment in respect of prior year, group relief	143	-
Total current tax (see b below)	195	-
Deferred tax:		
Origination and reversal of timing differences	(19)	(21)
Adjustment in respect of prior years	(132)	-
Impact of change in tax rate	20	-
Total deferred tax (note 8)	(131)	(21)
Tax on profit on ordinary activities	64	(21)

b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013 - 24%).

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Profit on ordinary activities before tax	133	21
Corporation tax at 23% (2013: 24%)	31	6
Effects of:		
Origination and reversal of timing differences	21	-
Adjustments in respect of prior years	143	-
Surrender of group relief	-	(6)
Total current tax charge for the year (see 5 a above)	195	-

Notes to the financial statements*For the year ended 31 March 2014***5. Tax on profit on ordinary activities (continued)**

c) Factors affecting future tax charges

During the year the main rate of corporation tax was reduced from 24% to 23% from 1 April 2013. The reduction from 24% to 23% was substantively enacted at the balance sheet date as a result an effective rate of 23% has been used to calculate tax payable on taxable income in the year.

6. Investments**Shares in group undertakings****£'000****Cost:**

At 1 April 2013 and 31 March 2014

5,368

Investment in principal subsidiary undertakings:

Name	% of ordinary shares	Country of incorporation	Principal activity
dnata Limited	100%	United Kingdom	Ground and cargo handling
Airline Cleaning Services Pty Ltd	100%	Australia	Aircraft cleaning

The directors believe that the carrying value of the investments is supported by their underlying net assets.

7. Debtors: Amounts falling due after more than one year

	31 March 2014	31 March 2013
	£'000	£'000
Amounts owed by group undertakings	21,091	-
	<u>21,091</u>	<u>-</u>

Included above are amounts due from a subsidiary undertaking of £10,771,000 (2013: nil) which are unsecured, bear interest at 5.75% and are repayable in January 2016, and £10,320,000 (AUD\$18,600,000), (2013: nil) which are unsecured, bear interest at a floating rate referable to the prevailing 6 month Bank Bill Swap Rate (BBSY) plus a margin and are repayable in April 2018.

Notes to the financial statements

For the year ended 31 March 2014

8. Debtors: Amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Amounts owed by subsidiary undertakings	1,365	23,510
Deferred tax	152	21
Other debtors	7	746
	<u>1,524</u>	<u>24,277</u>

£1,365,000 (2013: £Nil) of amounts owed by subsidiary undertakings are unsecured, interest free and are repayable on demand. Of the total prior year amounts owed by subsidiary undertakings, two loans of £10,771,000 and £10,739,000 (AUD\$18,600,000) have been refinanced as disclosed as part of note 7.

	Deferred tax £'000
At 1 April 2013	21
Deferred tax credit in the profit and loss account (note 5)	131
At 31 March 2014	<u>152</u>

The deferred tax asset included in the balance sheet is as follows:

	31 March 2014 £'000	31 March 2013 £'000
Other timing differences	152	21
Deferred tax asset	<u>152</u>	<u>21</u>

9. Creditors: amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Bank and other borrowings	-	10,000
Amounts owed to group undertakings	196	18,897
Other creditors	1,468	683
	<u>1,664</u>	<u>29,580</u>

Of the total prior year amounts owed by subsidiary undertakings, £6,089,000 has been refinanced as disclosed as part of note 10.

Notes to the financial statements*For the year ended 31 March 2014***10. Creditors: Amounts falling due after more than one year**

	31 March 2014	31 March 2013
	£'000	£'000
Bank and other borrowings	20,375	-
Amounts owed to group undertakings	6,089	-
	<u>26,464</u>	<u>-</u>

Included under bank and other borrowings £10,000,000 (loan notes which are listed on the Channel Islands Stock Exchange, are unsecured, bear interest at a rate of 5.75% and are repayable in January 2016) and £10,375,000 (AUD18,700,000) loan notes which are listed on the Channel Islands Stock exchange, are unsecured,, bear interest at a floating rate referable to the prevailing 6 month Bank Bill Swap Rate (BBSY) plus a margin and are repayable in April 2018. The amounts owed to group undertakings relate to a £6,089,000 unsecured, non interest bearing loan, which is repayable on 31 January 2016.

11. Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard Number 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of dnata. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by dnata.

12. Called up share capital

	31 March 2014	31 March 2013
	£'000	£'000
Allotted and fully paid		
2 (2013: 2) ordinary shares of £1 each	<u>-</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 March 2014
13. Reconciliation of movement in shareholders' funds and movement on reserves

	<i>Called up share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total share- holders' funds £'000</i>
At 1 April 2012	-	89	89
Total profit for the financial year	-	44	44
At 1 April 2013	-	133	133
Total profit for the financial year	-	69	69
At 31 March 2014	-	202	202

14. Ultimate parent company

The company is a 100% subsidiary of dnata which is incorporated in the Emirate of Dubai, United Arab Emirates under an Emiri Decree. dnata is regarded by the directors as the immediate and ultimate controlling party and the largest group of undertakings to consolidate these results. The company is consolidated in the dnata Group financial statements. Copies of these financial statements can be obtained from dnata, PO Box 1515, Dubai UAE.