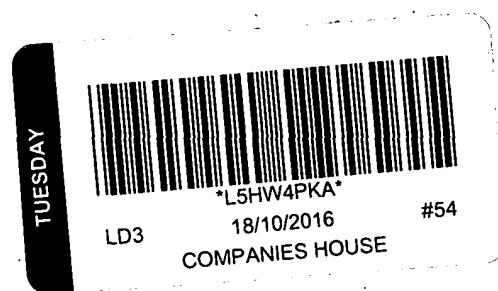


**Norwegian Air UK Limited**

**Report and financial statements**

**For the period ended 31 December 2015**



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## Norwegian Air UK Limited

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### Company Information

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<b>Directors</b>	E Thorstad (appointed 7 April 2015) A Nyseth (appointed 7 April 2015) F Berg (appointed 2 April 2015)
<b>Registered number</b>	09360346
<b>Registered office</b>	Room 020 The Beehive Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Independent auditors</b>	Deloitte LLP Chartered Accountants & Statutory Auditor Global House High Street Crawley RH10 1DL

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**Norwegian Air UK Limited**

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## **Norwegian Air UK Limited**

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### **Directors' report For the period ended 31 December 2015**

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The company was incorporated on 18 December 2014. Its first accounting period is to 31 December 2015. Accordingly, the directors present their report and the financial statements for the period ended 31 December 2015.

#### **Principal activity**

The company is an airline operator within the Norwegian Air Shuttle ASA group.

The company was incorporated on 18 December 2014 as Westforce Aviation Limited and changed its name to Norwegian Air UK Limited on 12 March 2015. The company is a wholly owned subsidiary of Norwegian Air Shuttle ASA.

This is the first reporting period for the company, being the period from incorporation to 31 December 2015, and as such, there is no comparative information included in these statements.

#### **Dividend**

No dividend payments have been made during 2015 and the directors do not recommend the payment of a final dividend for the period.

#### **Directors**

The directors who served during the period were:

E Thorstad (appointed 7 April 2015)  
H O'Donovan (appointed 18 December 2014, resigned 23 September 2016)  
S Jarvis (appointed 18 December 2014, resigned 2 April 2015)  
A Nyseth (appointed 7 April 2015)  
F Berg (appointed 2 April 2015)

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The company started its activity in November 2015 and has for 2016 and going forward a wet lease contract with a group subsidiary.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information; and
- this confirmation is given and should be interpreted with the provisions of s418 of the Companies Act 2006.

#### **Auditors**

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**Norwegian Air UK Limited**

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**Directors' report**  
**For the period ended 31 December 2015**

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**Small companies exemption**

The directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

This report was approved by the board on *17. 10. 2016* and signed on its behalf.



Director

*F. Berg*

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**Norwegian Air UK Limited.**

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**Directors' responsibilities statement  
For the period ended 31 December 2015**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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## **Independent auditors' report to the members of Norwegian Air UK Limited**

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We have audited the financial statements of Norwegian Air UK Limited for the period ended 31 December 2015, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 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 financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial period 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.

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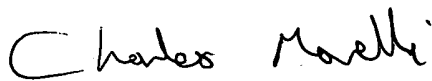
## Independent auditors' report to the members of Norwegian Air UK Limited

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### Matters on which we are required to report by exception

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

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



Charles Morelli (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Chartered Accountants

Statutory Auditor

Crawley

Date: 18 October 2016

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**Norwegian Air UK Limited**

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**Statement of comprehensive income  
For the period ended 31 December 2015**

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	Note	2015 \$
Administrative expenses		(1,818,667)
<b>Operating loss</b>		<u>(1,818,667)</u>
Tax on loss	6	-
<b>Loss for the period</b>		<u>(1,818,667)</u>
Other comprehensive income		-
<b>Total comprehensive income for the period</b>		<u><u>(1,818,667)</u></u>

The notes on pages 9 to 18 form part of these financial statements.

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**Norwegian Air UK Limited**  
**Registered number:09360346**

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**Balance sheet**  
**As at 31 December 2015**

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	Note	2015 \$
<b>Current assets</b>		
Debtors: amounts falling due within one year	7	6,599,493
Cash at bank and in hand	8	4,340,924
		<u>10,940,417</u>
Creditors: amounts falling due within one year	9	(2,375,062)
<b>Net current assets</b>		<u>8,565,355</u>
<b>Total assets less current liabilities</b>		<u>8,565,355</u>
Creditors: amounts falling due after more than one year	10	(5,884,022)
<b>Net assets</b>		<u><u>2,681,333</u></u>
<b>Capital and reserves</b>		
Called up share capital	13	4,500,000
Profit and loss account		(1,818,667)
		<u><u>2,681,333</u></u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Director

F. Berg

The notes on pages 9 to 18 form part of these financial statements.

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**Norwegian Air UK Limited**

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**Statement of changes in equity**  
**As at 31 December 2015**

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	Share capital	Profit and loss account	Total equity
	\$	\$	\$
<b>Comprehensive income for the period</b>			
Loss for the period	-	(1,818,667)	(1,818,667)
<b>Total comprehensive income for the period</b>	-	(1,818,667)	(1,818,667)
<b>Contributions by and distributions to owners</b>			
Shares issued during the period	4,500,000	-	4,500,000
<b>Total transactions with owners</b>	4,500,000	-	4,500,000
<b>At 31 December 2015</b>	<u>4,500,000</u>	<u>(1,818,667)</u>	<u>2,681,333</u>

The notes on pages 9 to 18 form part of these financial statements.

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## Norwegian Air UK Limited

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### Notes to the financial statements For the period ended 31 December 2015

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements of Norwegian Air UK Limited (formerly Westforce Aviation Limited) for the period ended 31 December 2015 were authorised for issue by the board of directors on 17<sup>th</sup> October 2016 and the balance sheet was signed on the board's behalf by Frode Berg. Norwegian Air UK Limited is incorporated and domiciled in England and Wales.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and applicable accounting standards. The company's financial statements are presented in US Dollars which is the functional currency of the company.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2015.

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures 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

##### 1.3 Accounting period

The company was incorporated on 18 December 2014. This is the first reporting period for the company, being the period from incorporation to 31 December 2015, and as such, there is no comparative information included in these statements.

##### 1.4 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The company started its activity in November 2015 and in 2016 signed a wet lease contract for its aircraft with a group subsidiary. As a result the directors anticipate the being profitable going forward. In addition the directors have received confirmation from the group that they will continue to support the company going forward.

##### 1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

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**Norwegian Air UK Limited**

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**Notes to the financial statements  
For the period ended 31 December 2015**

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**1. Accounting policies (continued)****1.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.9 Maintenance provisions and reserves**

In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease (supplemental amounts). In such contracts, upon lessee presentation of invoices evidencing the completion of qualifying work on the aircraft, the lessor reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

The Company records supplemental amounts paid to lessors as maintenance reserves in the balance sheet. These amounts are reclaimable upon completion of agreed maintenance events per the terms of the lease agreement with the lessor. In addition the Company recognises a provision for the total estimated future maintenance cost of aircraft. The maintenance provision and reserve balances are shown on a net basis in the balance sheet.

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**Norwegian Air UK Limited**

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**Notes to the financial statements  
For the period ended 31 December 2015**

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**1. Accounting policies (continued)****1.10 Foreign currency translation**

The company's functional and presentational currency is US Dollars.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

**1.11 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## Norwegian Air UK Limited

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### Notes to the financial statements For the period ended 31 December 2015

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#### 1. Accounting policies (continued)

##### 1.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Management do not consider that there are any significant judgements or estimates necessary in the preparation of these financial statements.

The Company pays fee to maintenance funds held by the lessor on leased aircraft. The accrued provisions in the accounts are estimated payments for periodic maintenances in excess of payments to the maintenance funds, and are provided on the basis of aircraft utilization. We work closely with the technical department to estimate total cost. The estimation technique for maintenance reserve contribution (MRC) additional provisions is based on contractual payments for maintenance and mandatory maintenance. The estimated costs of overhauls and maintenance are based on the Group's maintenance program and contractual prices. In addition, additional provisions are set to meet redelivery conditions for leased aircraft. Additional provisions are dependent on redelivery date and redelivery conditions of the different lease terms. In case of lease extension, estimates on maintenance costs will be revised.

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**Norwegian Air UK Limited**

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**Notes to the financial statements  
For the period ended 31 December 2015**

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**3. Operating loss**

The operating loss is stated after charging:

	2015
	\$
Foreign exchange differences	2,776
Audit fees	20,635
Lease payments under operating leases recognised as an expense in the period	<u>569,670</u>

**4. Employees**

Staff costs, including directors' remuneration, were as follows:

	2015
	\$
Wages and salaries	227,979
Social security costs	13,719
Cost of defined contribution scheme	9,104
	<u>250,802</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2015
	No.
Administration	<u>2</u>

**5. Directors' remuneration**

The directors are employed by the parent company, Norwegian Air Shuttle ASA. During the year, the company was charged \$114,362 in respect of director's services to the company.

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**Norwegian Air UK Limited**

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**Notes to the financial statements  
For the period ended 31 December 2015**

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**6. Taxation**

2015  
\$

**Taxation on (loss)/profit on ordinary activities**

-

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20.25%. The differences are explained below:

2015  
\$

Loss on ordinary activities before tax

(1,818,667)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25%

(368,280)

**Effects of:**

Losses not recognised

368,280

**Total tax charge for the period**

-

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**Norwegian Air UK Limited**

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**Notes to the financial statements**  
**For the period ended 31 December 2015**

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**6. Taxation (continued)****Factors that may affect future tax charges**

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact further reductions in the main tax rate down to 17% effective from 1 April 2020. As this tax rate was not substantively enacted at the balance sheet date, the relevant rate reduction is not yet reflected in these financial statements in accordance with IAS 10, as it is a non-adjusting event occurring after the reporting period.

As no deferred tax assets have been recognised, we estimate that the future rate change to 17% will have no effect on the net assets position of the Company as at the balance sheet date.

The unrecognised deferred tax asset is \$368,280.

**7. Debtors**

	2015 \$
Amounts owed by group undertakings	6,569,079
Other debtors	27,504
Prepayments and accrued income	2,910
	<u>6,599,493</u>

**8. Cash and cash equivalents**

	2015 \$
Cash at bank and in hand	4,340,924
	<u>4,340,924</u>

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**Norwegian Air UK Limited**

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**Notes to the financial statements**  
**For the period ended 31 December 2015**

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**9. Creditors: Amounts falling due within one year**

	2015 \$
Trade creditors	27,506
Amounts owed to group undertakings	1,621,491
Taxation and social security	13,719
Accruals and deferred income	712,346
	<u>2,375,062</u>

**10. Creditors: Amounts falling due after more than one year**

	2015 \$
Accruals and deferred income	5,884,022
	<u>5,884,022</u>

**11. Financial instruments**

	2015 \$
<b>Financial assets</b>	
Financial assets measured at amortised cost	6,596,583
	<u>6,596,583</u>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	(8,245,302)
	<u>(8,245,302)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings

The fair value of financial assets/liabilities are equal to their amortised cost.

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**Norwegian Air UK Limited**

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**Notes to the financial statements  
For the period ended 31 December 2015**

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**12. Deferred taxation**

The unrecognised deferred tax asset is made up as follows:

	2015 \$
Tax losses carried forward	368,280
	<u>368,280</u>

**13. Share capital**

2015  
\$

**Authorised, allotted, called up and fully paid**

9,000,000- Ordinary shares of \$0.50 each	<u>4,500,000</u>
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On incorporation the company issued one £1 ordinary share. In November 2015, the share capital was redenominated into one ordinary share of \$1.50. In December 2015, this existing share was sub-divided into 3 shares of \$0.50 each, and a further 8,999,997 shares of \$0.50 each were issued at par.

**14. Pension commitments**

The company provides a defined contribution retirement plan for its staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and is disclosed in note 3. Contributions totalling £9,104 were payable to the fund at the balance sheet date.

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**Norwegian Air UK Limited**

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**Notes to the financial statements**  
**For the period ended 31 December 2015**

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**15. Commitments under operating leases**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 \$
Not later than 1 year	4,761,548
Later than 1 year and not later than 5 years	19,046,192
Later than 5 years	32,469,844
<b>Total</b>	<u><u>56,277,584</u></u>

**16. Controlling party**

The immediate parent undertaking and ultimate controlling party is Norwegian Air Shuttle ASA, a company incorporated in Norway.

Norwegian Air Shuttle ASA is the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up for the year ended 31 December 2015. Copies of these financial statements can be obtained from Norwegian Air Shuttle ASA, Oksenøyveien 3, 1366 Lysaker, Norway.