



By Appointment to
Her Majesty The Queen
Supplier of Aircraft Charter
Air Partner plc
Gatwick, West Sussex

Air Partner plc
Annual Report 2014

AIR PARTNER

Making it happen...



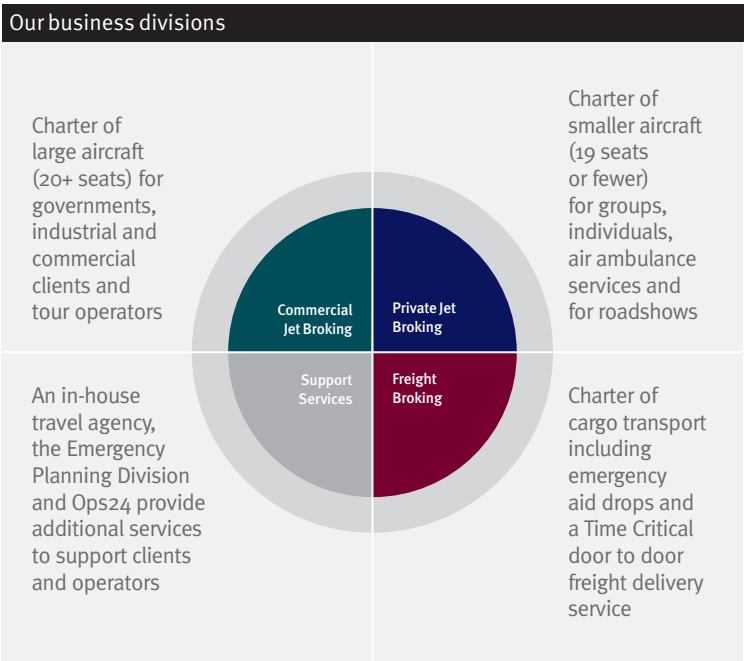
Air Partner is a world leading air charter company providing private jets, commercial airliners and air freight services anywhere in the world since 1961.

Our global network of 20 offices spans Europe, North America, the Middle East and Asia, and we operate a full 24-hour flight operations centre giving clients instant access to air charter services all year round.

Through our four business divisions we are able to respond immediately to the most demanding of aircraft charter requirements.

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Highlights for the year ended 31 January 2014

Revenue up by

7%

UK Revenue up by

1%

USA Revenue up by

63%

Europe Revenue up by

3%

Underlying PBT up by

28%

Commercial Jet Division
revenue up by

14%

Strong Tour Operating
business mitigating reduced
government spending

Private Jet Division
revenue up by

21%

Freight Division showing signs
of improvement

Group Remains debt free

Revenue
£m

£224m



Underlying profit
before tax £m

£4.3m



Profit before tax
£m

£2.8m



Cash
£m

£18.4m*



Underlying basic EPS
pence

29.8 p



Basic EPS
pence

19.2 p



Dividends for 12
month period pence

28 p



* JetCard cash 2014 £8.8m –
2013 *£8.6m

Charter of larger aircraft (20+ seats) for governments, industrial and commercial clients and tour operators

In the world of commercial airliner charter, success depends on experience, expertise and a reputation built over decades. Air Partner's Commercial Jets team offers logistical excellence, value for money and dependability.

Over the last five decades and continuing into our sixth, Air Partner have devised and executed many of the most complex flights in civil aviation, but we also complete hundreds of routine, individually tailored chartered flights every week.

% of Group revenue

2014	66.4%	£148.7m
2013	62.4%	£130.7m

Number of passengers flown by Tour ops

354,500

Dedicated aircraft chartered by Air Partner

4.5 aircraft

Reasons for Tour ops flying

Winter and Summer
vacation destinations

Destinations flown to

378

Tour ops destinations

Greece
Cyprus
Turkey
Morocco
France (Alps)
Egypt

Most remote destinations

Venezuela,
South Sudan, Libya,
Kruger National Park

Reasons for flying

Football teams attending matches
Corporate shuttle flights
Wedding parties to India
Group musical events
Sports events
Senior executive meetings
Product launches
Flying high to view comets and polar lights
Company incentive trips

Charter of smaller aircraft
(19 seats or fewer) for groups,
individuals, air ambulance
service and roadshows

As one of the world's largest suppliers of aircraft charter in the world, Air Partner has the resources, experience and expertise to customise solutions to our clients every aviation need. We provide the entire spectrum of private aviation products. This makes us the natural partner whether our clients needs are for occasional private jet charter, the pre-purchase simplicity of JetCard or private jet ownership.

A dedicated team of account managers is on call around the clock, ready to respond to any change in requirements and ensure our clients experience the highest level of comfort and security alongside our first-class service with all private jet flights.

% of Group revenue

2014	25.0%	£55.9m
2013	22.2%	£46.4m

Hours flown (booked by Air Partner)

16,693 hours

Number of Jets chartered



4,094

Most remote destinations
Soloman Islands,
Alaska, Bora Bora,
Galapagos Islands

Number of people flown by us

5,246

Aircraft type most chartered (UK)

Citation XLS

Why people flew with us

- Business meetings
- Corporate conventions
- Government trade missions
- Industry conferences/exhibitions
- Family weekend breaks
- Significant life event celebration
- Medical emergencies
- Commuting between homes

World events we flew clients to

Sochi Winter Olympics,
F1 Grand Prix races, G8
Summits, World Economic
Forum, Maastricht Art Fair,
Turkish Open (golf),
key football matches

Charter of cargo transport including emergency aid drops and a Time Critical door to door freight delivery service

Air Partner's Freight team delivers tailored air services to meet the most demanding schedules at the best possible rates, reliably. Air cargo charter places our clients in control of their shipments, timing and security. Air Partner provides an aircraft for every need – from a light cabin Learjet to the giant Antonov 225 freighter.

Air Partner has quick access to the latest data on aircraft capabilities and airfield infrastructure, even in the most remote areas. Combining this with up-to-the-minute information and our years of in-house expertise, we plan the task to save clients money as well as time.

% of Group revenue

2014	5.2%	£11.7m
2013	7.6%	£15.9m

Number of flights we flew

922

Different kinds of aircraft chartered

104

Most remote destinations

Sochi, Djibouti,
Bahrain, Izmir, Cebu

Destinations flown to

395

Major world events supported in 2013



Phillipines flood relief,
Sochi,

Number of on-board courier flights

50

Flights made in 2013

588

Strangest and most unusual cargo

- Artwork collection
- Sochi mascots
- Chickens
- TV equipment for winter olympics
- Large main Deck Loader
- Bobsleighs and other winter sport gear
- Aerospace equipment

Charter of cargo transport including emergency aid drops and a Time Critical door to door freight delivery service

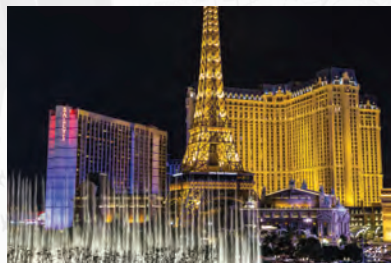
Our 24 hour Operations division provides a complete outsourced flight operations service for passenger and freight flights worldwide as well as replacement aircraft when maintenance, crew shortages or logistical problems threaten to disrupt the scheduled timetable.

The provision of diversionary fuel to major international airlines is handled by our experienced team. The planning, management and execution of air evacuations for companies and governments worldwide is the remit of our Emergency Planning Division, whilst inbound, onward and ad hoc travel arrangements can be arranged through our in-house travel agency.

% of Group revenue

2014	3.4%	£7.7m
2013	7.8%	£16.3m

Most popular locations travel agency flew to



Frankfurt, Las Vegas, Barcelona, Naples

Largest number of scheduled flights booked for a single event

2,000 tickets

Planned readiness for evacuations for specific clients out of

Libya, South Sudan, South Korea, Ukraine, Venezuela

Number of major evacuations

2

Key event supported in 2013



IMEX Exhibition, Frankfurt

Number of individuals evacuated

5,242

During 2013 Air Partner changed its accounting reference date from 31 July to 31 January. As a consequence the statutory results are in respect of the 18 month trading period from 1 August 2012 to 31 January 2014, with a 12 month comparative to 31 July 2012. To aid understanding pro forma results have also been provided for the 12 months to 31 January 2014 with a 12 month comparative to 31 January 2013. The narrative to the results is based on the pro forma results with additional comments on the statutory results where it aids understanding.

Chairman's statement

Air Partner has performed strongly during the 12 months to 31 January 2014 with turnover growing by 7% to £224m and underlying profit increasing by 28% to £4.3m. Commercial Jet's strong performance was led by significant growth in the tour operating sector and successful new business wins helped replace the on-going contraction in government work, leading to a 14% increase in revenue and a 38% increase in underlying profit before tax. Private Jet's also performed well, particularly in the UK and the US, with revenues up by 21% and underlying profit before tax increasing by 36%. The Group remains cash generative and debt free. In the 12 month period, cash rose by £1.1m to £18.4m. £8.8m (2013: £8.6m) of cash is JetCard clients' deposits, which are segregated and held on deposit.

During the period, the Group undertook a fundamental review of its investment in new technology systems and, additionally moved the business to a product led structure. Unfortunately the technology review has resulted in a significant impairment of the IT investment and this, together with the restructuring and redundancy costs largely associated with the new product led structure has led to a charge of £1.4m to the income statement. After the impact of these non-trading items profit before tax was £2.8m (2013: £3.2m).

The Group has made good progress against its stated strategy in the period under review. The strategy is focused on prioritising growth in the US, the Private Jet business in Europe and broking in the Oil & Gas and Tour Operating sectors. This is resulting in a good diversification of broking revenues with strong performances seen. In fact, it is pleasing to report that revenue in these areas grew by 91% to £91.4m. However, growth in the continental European private jet market remains challenging, reflecting the economic conditions in the region.

Air Partner continues to evolve its people and systems, selectively investing in skills and initiatives that support the strategy and help create a long term competitive advantage. In the period under review, the Group has added to its senior management team, strengthened and re-energised the sales force in selected growth areas, reviewed and refined the Information Technology (IT) strategy, while finalising a successful transition to a product-led structure.

Dividend

The Board remains confident in the Group's long term prospects and is pleased to propose a final dividend of 14.0p per share, to be paid on 16 June 2014, to shareholders on the register on 16 May 2014 (subject to shareholder approval at the General Meeting). Due to the change to the accounting reference date, the Group paid an increased interim dividend of 14.0p in October 2013, equivalent to the amount that would have been paid as a final dividend prior to the change of year-end. This brings the total dividend for the 18 months to January 2014 to 34.05p, 87% higher than the total dividend for the statutory 12 month comparative period.

The business pays dividends subject to performance and typically they are split on the basis of one third interim payment and two thirds final payment. In future the board anticipates returning to a one-third and two third split and intends to continue the recent practice of growing the dividend by 10% per annum.

Board Changes

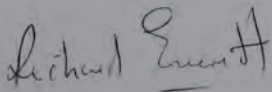
Shareholders will be aware of Tony Mack's intention to retire from the Board at the forthcoming General Meeting. Under his initial leadership and subsequent guidance, Air Partner has become the successful business that it is today. The whole Company owes him a debt of gratitude and we wish him well for the future, while continuing to draw on his unique experience as Life President of the Company.

Elsewhere we have added to the Board and in September 2013 we welcomed Grahame Chilton as a Non-Executive Director. Grahame brings a wealth of global business experience, particularly in broking businesses.

As previously announced, Gavin Charles will be leaving on 30 April. Neil Morris was appointed interim Chief Financial Officer on 1 April 2014 to allow for a transitional handover period. Neil was Air Partner's Group Financial Controller, a position he held since July 2013. Before joining Air Partner, Neil was Group Finance Director of All Leisure Group PLC, the niche cruise and tour operator listed on AIM, and prior to that he spent 11 years at Deloitte LLP, primarily working in the aviation and travel sector. We continue to work with Odgers Berndtson, one of the UK's pre-eminent executive search firms, to assist in the search process for a permanent Chief Financial Officer and will provide an update as soon as practical.

Outlook

Current trading is in line with the Board's expectations, and while the economic environment continues slowly to improve, our experience leads us to balance such optimism with a degree of conservatism in our outlook and planning. Our focus on areas of strategic importance continues to produce results, and we are confident that further improvements in IT, efficiency and productivity combined with the opportunities we are seeing across the business, will generate further gains. We are a well-funded group with a trusted brand and an enviable reputation. We have a clear strategy and a strong product offering with a depth of management experience that positions us well for the future.



Richard Everitt, Chairman
9 April 2014





Chief Executive's review

This is a strong performance with revenue growing by 7% and underlying profit before tax up 28%. However after the impact of the one-off, non-trading items, profit before tax was £2.8m (2013: £3.2m); please refer to the Chief Financial Officer's Review for further details. Pleasingly on an underlying basis, profit before tax grew by 28% to £4.3m (2013: £3.3m). This reflected good trading in both Commercial Jets and Private Jets which have performed well and benefitted from the recent restructuring into product lines. Our close management of the areas of strategic focus (USA, Private Jets in Europe, Oil & Gas and Tour Operators) has continued to deliver excellent results, with revenue up across these areas by 91%.

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This growth is significant for the business and marks excellent progress against the Group's aim to further diversify its revenues and clients.

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Mark Briffa, CEO

This growth is significant for the business and marks excellent progress against the Group's aim to further diversify its revenues and clients.

The Freight division, a small but important part of the Group, has started to show some signs of improvement. However, the results reflect a tough comparable period due to the conclusion of a large government contract and the on-going difficulties in the market. While revenues contracted, pleasingly underlying profit before tax remained unchanged due to the early management action on cost control.

The Group's transition to a product led structure enabled synergies to be better captured, and has improved the ability to direct skills, expertise and knowledge across borders in an inclusive and integrated approach. The restructuring, announced in March 2013, has significantly contributed to the strong Private Jet and Commercial Jet performances in these results. The restructuring associated with delivering this change resulted in the need to make a number of roles redundant and the costs associated with this are included in the £646,000 of restructuring and redundancy costs incurred in the period.

The transition to a product led restructure required a strengthened senior management team, capable of developing business divisions in multiple territories and furthering growth across the company's areas of strategic focus. Significant progress has been made on this front, and in August 2013 Paul Richardson was appointed as Director of Private Jets. Paul previously worked in the wealth management, sports and entertainment sectors, both at Coutts and Barclays Wealth and his experience and insight working with high net worth individuals is proving valuable.

The revenue from Inclusive Tour Operating has increased by 200% against the prior period, with significant new contracts won. The team was further strengthened in September 2013 with the appointment of Alan Murray as Director of Inclusive Tour Programmes. Alan was previously MD and COO of Voyages of Discovery and Director of Monarch Airlines; his wide range of experience is already making a positive impact.

Marketing helps drive both the existing and new areas of strategic focus and last December Kiran Parmar joined as Global Director of Marketing. Kiran previously held senior international marketing roles at Bentley Motors and Ford Motor Company, enabling him to understand both the luxury side of our Private Jets business and the Commercial Jets and Freight divisions too.

Air Partner has historically underinvested in technology and as part of a step change in IT, Colin Jowers was appointed Global Director of Business Technology in January. Until recently, Colin was global Chief Operating Officer of Royal Bank of Scotland's Global Banking and Markets Research and Strategy division. He has also been involved in numerous broking service industry initiatives, focused on maximising technology and operational efficiencies. Colin's appointment is a direct reflection of the Group's desire to place technology at the heart of Air Partner's offer, enabling the Group to better understand its customers, putting their needs first, while more accurately measuring performance against these aims. With that objective in mind I am pleased to announce the start of Project Connect, a multi-year global technology project, which will include the deployment of Microsoft Dynamics CRM across the business.

Chief Executive's review *continued*

Colin's deep knowledge and experience are already proving themselves and having reviewed the Group's IT systems, he is already transforming the way we work. As part of his review, Colin recommended Air Partner continue with its planned CRM development, but discontinue the integrated broker and finance tools. Subsequently, the CRM element will go live this year, but the £774,000 investment in the broker and finance tool will now not be utilised and has been fully impaired. However, we are confident that the revised system, under Colin's management and combined with the new systems will be better placed to help drive future growth.

Colin will be responsible for all of Air Partner's global IT going forward, Project Connect being the initial focal point for this. Phase one includes a global IT infrastructure upgrade, enabling the CRM to be delivered in the second half of this financial year, and thereafter, the critical introduction of the platform to support our new technology strategy and product roadmap across the Group. As a result of the increased strategic focus on technology and Project Connect, going forward we expect the annual technology cost for the Group to increase, albeit off a low base. We are confident that this is strategically the right investment to be making and the increased cost will better position the Company for the long term.

Commercial Jet Broking

Revenue in the 12 months to 31 January 2014 increased by 14% to £148.7m (2013: £130.7m) with underlying profit before tax 38% higher at £2.3m (2013: £1.7m). The growth has been driven by excellent performances in the UK, US and France, resulting from an increased sales focus and the development of closer relationships with clients. These strong results have been achieved despite the slowdown of government business.

The recruitment of key individuals into the division has had a positive impact, strengthening our specialist expertise and capabilities in our strategic areas, for example in Tour Operating and Oil & Gas. Today, we have an even better understanding of customers' requirements and have improved our ability to provide the bespoke solutions our clients require. Tour Operating in Europe has delivered strong results and has contributed 35% of the revenue in the division. While our established presence in Aberdeen and Houston has enabled us to gain good traction in the Oil & Gas sector and revenue has increased by 54%. The team in the US carried out several successful evacuations, rescuing stranded cruise line passengers and also won the prestigious programme to fly the World Cup Trophy to 90 different countries before the World Cup tournament starts in Brazil in June. The Conference and Incentive market remains slow to come out of recovery and the sector remains extremely competitive with low margins.

Private Jet Broking

Revenue increased in the period by 21% to £55.9m (2013: £46.4m) with underlying profit before tax increasing by 36% to £1.5m (2013: £1.1m). Significant growth was achieved in the UK and US, which was driven by investment in high calibre talent that has added a new dimension to the private jet division, with an increased focus on sales and improved tailoring of products to suit local markets.

We are seeing particularly strong interest from high net worth individual leisure traffic, and in line with this, our JetCard continues to perform well. Sales and renewals are up 29% for the period with card utilisation up by 84%. The product continues to provide the flexibility that both corporates and high net worth individuals demand. This flexibility has been improved further with the launch of our new card product aimed specifically at the corporate market. As the economy continues to improve, we are well placed to benefit from further HNWI flying as potential clients seek to enhance their air travel preferences.

The traction gained in the Continental European private jet market has not been as great as expected. The market conditions remain challenging, reflecting the economic conditions in the region, but we continue to build our talent and skill set in our European private jet offices. We are confident that the recruitment and steps taken to date leave the division well placed for the future, as continental economies improve.

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Our JetCard continues to perform well with sales and renewals up 29% for the period.

” Mark Briffa, CEO

Freight Broking

Although revenue was down by 26% to £11.7m (2013: £15.9m), underlying profit before tax was level with the comparable 12 month period at £0.2m, due to early management of the cost base. The lower revenues reflect on-going challenging conditions in the freight sector, and the comparative period, which still included a large government contract which ended in March 2012.

However, over the last 6 months, a positive upturn has been seen in the market and the level of new business has increased. Two significant flying programmes were completed; delivering humanitarian aid to the Philippines and flying equipment to the Winter Olympics in Sochi. Freight remains a core product offering and to support this, investment has been made in experienced industry specialists based in Cologne and Istanbul. Progress building new business around the Air Partner Time Critical offering is being made and this is helping to reinforce an improving performance.

In conclusion, I am pleased to report that the Group has delivered a strong performance for the year and continued its positive progress against our strategic objectives. While the global macro environment continues slowly to improve, over 50 years' aviation experience reminds us to balance optimism with a healthy degree of conservatism in our outlook and planning. We are well funded with a robust cash balance sheet and intend to deliver a growing dividend for our shareholders into the foreseeable future. This strong position enables Air Partner to invest in areas such as new IT, product development, recruitment, training, brand marketing and in strengthening the global office infrastructure.

I would like to thank all of my Air Partner colleagues for their hard work and commitment through the year. Our company is trusted by customers to respond quickly and deliver the highest standards of service and I am proud that we achieve these high standards day in, day out.



Mark Briffa, CEO

Chief Financial Officer's review

Financial review

This is a strong set of results with 7% revenue growth and 28% underlying profit growth. The results were driven by strong performances in the two key divisions – Commercial Jets and Private Jets.

Commercial Jet revenues improved by 14% to £148.7m and Private Jet revenues were 21% stronger at £55.9m. This contrasted with Group revenues, which showed year on year revenue growth of 7%, reflecting continued Freight weakness, and the Group's Operations divisions (Fuel and Ops24) transitioning from revenue seeking business units to smaller support services functions.

There were two significant non-trading expenditures in the period, which negatively impacted profit before tax and earnings per share. Firstly, the capital cost associated with the CRM, resulting in a £774,000 impairment charge, leaving an asset value of £260,000. This represents the CRM element of the new system which is being retained as part of Project Connect and will go-live in the second half of this financial year. Secondly, the restructuring and redundancy costs, largely associated with delivering the transition to a product led focus, resulted in restructuring costs of £646,000 in the period.

After the impact of non-trading items, the performance of the divisions is as follows:

After the impact of non-trading items, the performance of the divisions is as follows:

(unaudited)	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Support Services £'000	Total £'000
Year ended 31 January 2014					
Underlying profit before tax	2,331	1,509	207	203	4,250
Non-trading items	(777)	(494)	(69)	(80)	(1,420)
Profit before tax	1,554	1,015	138	123	2,830
Year ended 31 January 2013	£'000	£'000	£'000	£'000	£'000
Underlying profit before tax	1,684	1,110	238	298	3,330
Non-trading items	(84)	6	(42)	(2)	(122)
Profit before tax	1,600	1,116	196	296	3,208

Dividend

The Board has recommended a final dividend for the period of 14.0p per share which together with the interim paid in April 2013 of 6.05p and the increased interim dividend of 14.0p paid in October 2013 respectively represent a total dividend for the period of 34.05p per share. If approved by shareholders the dividend will be paid on 16 June 2014 to shareholders on the register on 16 May 2014.

The business pays dividends subject to performance and typically they are split on the basis of one third interim payment and two thirds final payment. In future the board anticipates returning to a one-third and two third split and intends to continue the recent practice of growing the dividend by 10% per annum.

Cash

During the period from 31 January 2013 to 31 January 2014, cash rose by £1.1m to £18.4m. The Group's short term cash balances show high levels of short term volatility due to the timing differences in the receipt of funds from clients and payment to aircraft operators. It should be noted that £8.8m (2013: £8.6m) of the cash balance is due to JetCard clients' deposits with the Group and to improve the visibility of this split, it is now shown separately as a footnote on the Consolidated Statement of Cash Flows.

Gavin Charles, CFO

Business model

Air Partner is a global aviation charter specialist with customers spanning governments, individuals, corporate and other organisations. The business has 20 offices in 17 countries and employs about 200 people.

The business is managed on a divisional basis, with a product led focus. The divisions are as follows:

- Commercial Jets covers the charter of passenger aircraft with over 20 seats. The division has a wide range of clients including governments, tour operator businesses, oil & gas and automotive companies and sports organisations. The business has successfully diversified its client base over the last three years, with the reduction of government business and an increase in tour operator and oil & gas work.
- Private Jets provides charters of aircraft with 20 seats or less. Clients can charter aircraft on an ad hoc basis or purchase hours in advance (a JetCard) and benefit from an all-inclusive fixed price and various aircraft availability commitments. Whilst predominantly bought by private individuals, Air Partner has recently launched a new card aimed specifically at corporate clients.

- Freight provides whole aircraft charter for freight usage. Clients are typically transporting cargo not suitable for scheduled freight services – often due to the size, the weight or the destination. Freight provides an ad hoc service and a Time Critical product meeting the need for urgent, tracked delivery.

- Other Services comprises an in house travel agency and an Emergency Planning department. The travel agency enables Air Partner to meet the needs of clients combining scheduled flying and private charter. The Emergency Planning department provides large companies with employees working in volatile parts of the world with detailed evacuation plans.

The business also provides 24/7 tracking of flights, 365 days of the year. This enables Air Partner to address operational issues and respond to additional client requests at any time of the day.

The aircraft charter broking market has low barriers to entry and a large number of competing businesses, including many sole traders. Air Partner is one of the largest charter brokers in the world. This gives it a number of advantages when tendering for larger pieces of work, including:

- The expertise, capability and contacts that have been built up over the last 50 years of trading.
- A reputation for providing a high quality product and excellent customer service.
- Financial reassurance for the client. Air Partner is the only quoted air charter broker and this provides clients with the highest level of financial transparency and rigour. Air Partner also has an extremely strong Balance Sheet with approaching 20m of cash and no debt.

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The principal risk to the Group’s business stems from the general economic conditions in which our clients operate, affecting their willingness to charter.
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Principal risk and uncertainties

Lead times for ad hoc bookings are measured in days or weeks, rather than months. Forward bookings can be impacted very suddenly by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another. Economic uncertainty affects corporate, government and individual clients and affects the quality of supply of aircraft as operators consolidate or leave the market. These are trends outside the Group’s control but the strategy remains to diversify to address seasonality and changes in the client mix.

Aircraft charter broking on the Air Partner model can be classed as a relatively low financial risk business, in that the broker sells capacity on aircraft owned and operated by a third party and contracts are normally placed as mirrored transactions. The Group does not have any contractual arrangements with any significant individual or company which are essential to continuation of the business.

The profile of risks fluctuates from time to time and not all risks can be listed in full, nor can the actions being taken to manage and control risks be guaranteed to mitigate completely their effects on the business or to reduce risks absolutely.

The Board has not delegated its responsibility for financial risk management, including the management of treasury activities. Further information on interest rate risk, credit risk and liquidity risk is given in note 20 to the financial statements. Other risks and uncertainties which the Board considers to be material to Air Partner’s ability to continue in business are summarised in the chart below. The principal risk to the Group’s business stems from the general economic conditions in which our clients operate, affecting their willingness to charter. Ad hoc charters are likely to continue to be impacted by serious economic instability in the major world markets.

Type of risk	Impact on Air Partner business	Management/mitigation of risk
Economic risk	Economic uncertainty, including Eurozone volatility, reduces the demand for ad hoc aviation solutions.	Diversification of the client base across governments and non-governmental organisations, commercial enterprises and individuals and across geographic regions allows for some smoothing when there are seasonal or sectorial changes in demand.
Aviation risk	Failure of aircraft chartered by Air Partner.	High quality standards apply to the choice of aircraft and carrier for each charter. Air Partner maintains non-owned aircraft liability insurance which can also be extended to clients. All flights are watched in operation by the in-house operations team.
External risk	Adverse weather conditions or external incidents outside Air Partner's control (eg earthquake, ash cloud, terrorist alerts) closed airports or meaning flying is prohibited.	The in-house operations team monitors external conditions very closely and will advise clients of any potential problems. There is potential upside if private charters can use smaller airfields or ad hoc freight charter can recover deliveries otherwise delayed by a lack of scheduled flights.
Legal and Regulatory risk	The Group has to comply with a large number of different laws and regulations, including tax and civil aviation authority requirements. Such regulations are subject to continual change and there is a risk that Group does not comply with applicable laws and regulations, or inadvertently breaches regulations.	Management reviews policies and processes at Leadership Team level. The business has a range of policies to minimise these risks and reviews and updates them on a regular basis.
Supply risk	Suitable aircraft are not available for charter in key sectors / geographic areas.	Air Partner deals with many different operators worldwide and is not reliant on a single supplier or contractor.
Competitor risk	Air Partner falls behind competitors in product development, standards of service or cost effectiveness.	The Group undertakes client surveys to ensure it remains responsive to client demands and within acceptable market price levels for the quality and standards of service provided.
Business Interruption risk	Systems for sourcing and booking aircraft and for client management and administration fail or cannot be accessed by employees.	International scope reduces reliance on a single office location. Back-up operating systems are provided for this and employees can work remotely if necessary.
Employee risk	Failure to attract, retain and motivate high quality employees.	The Group invests in recruitment, talent management, learning and development programmes to maintain staffing levels and improve performance on a continuing basis. Remuneration and motivational incentives are reviewed regularly and regular social events are provided to encourage family feeling across the Group.
Reputational risk	Air Partner's reputation is damaged by an incident or inappropriate action, causing client losses.	Air Partner's brand values of honesty, truth and reliability are treated very seriously. Discretion is key to our customer service and its importance is communicated to all members of the team.

Key performance indicators

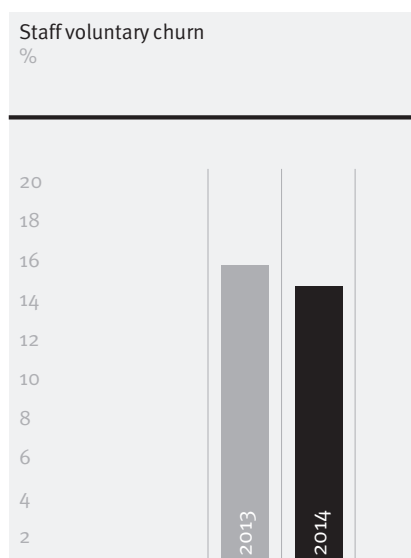
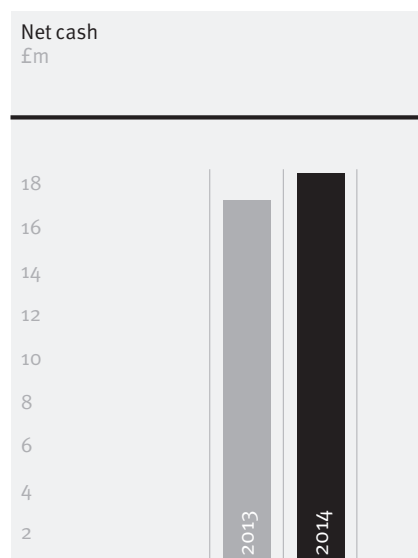
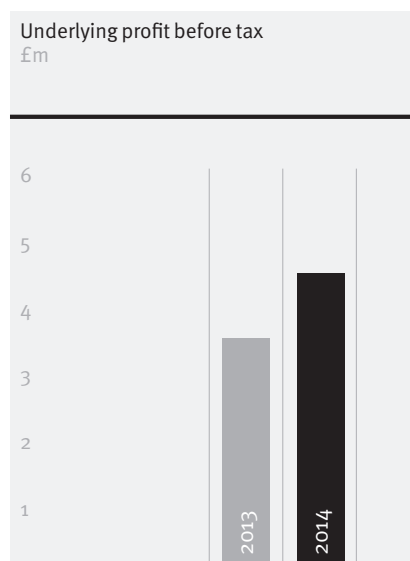
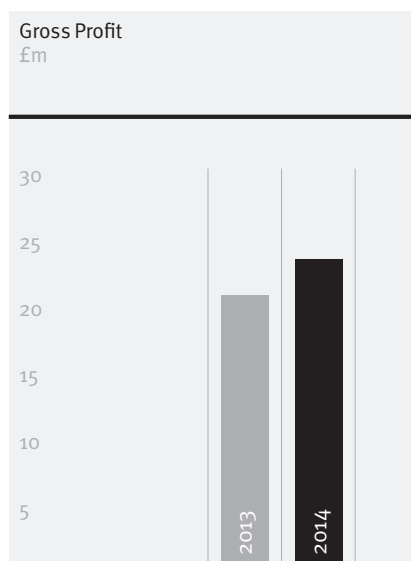
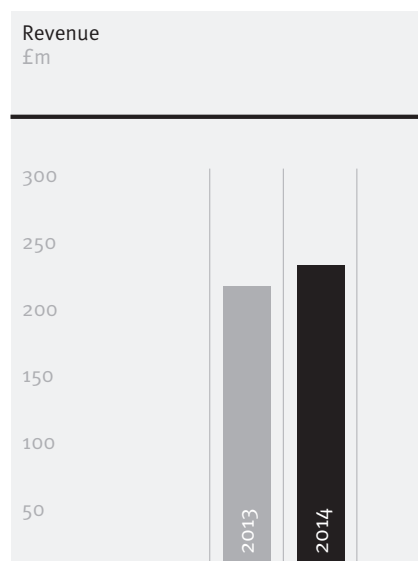
The Group's Key Performance Indicators ("KPI's") are shown here. The financial indicators are designed to help management and investors to assess performance and are capable of being measured over the longer term.

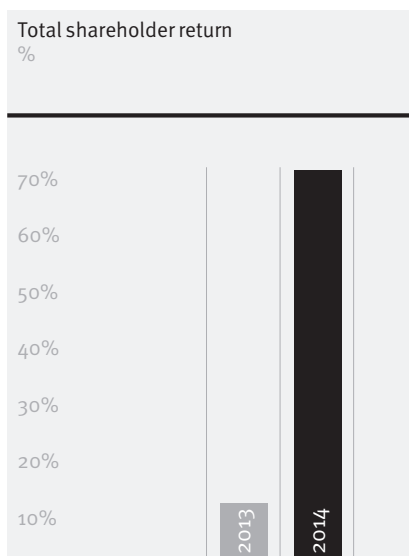
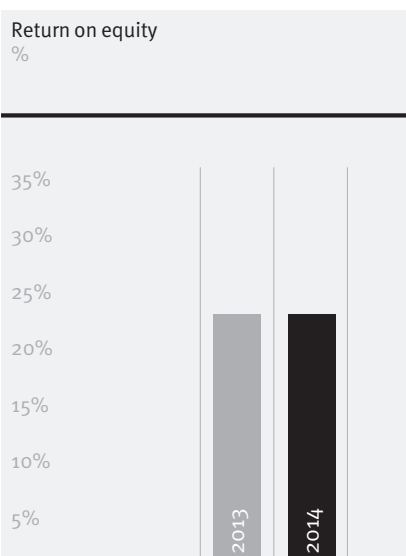
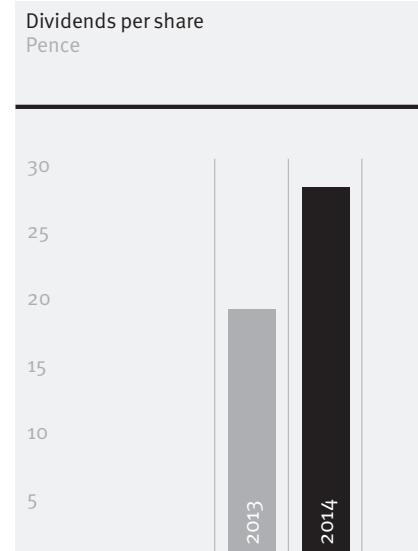
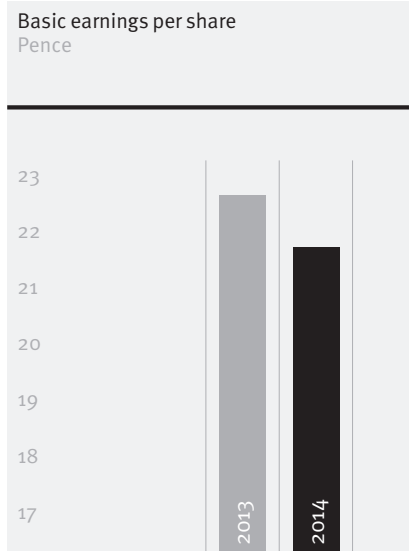
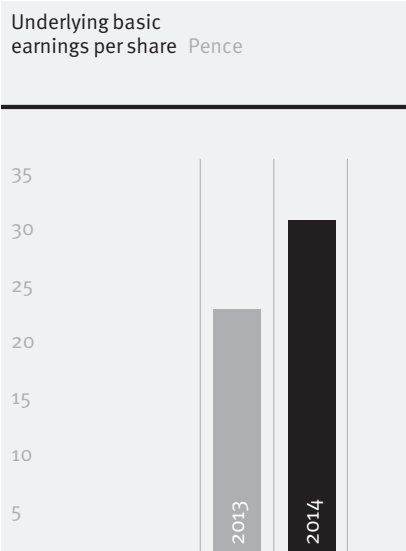
Operational indicators relate to the number of people with Air Partner whose efforts drive performance. All KPI's are based on total rather than underlying measures, except for underlying profit before tax and underlying basic earnings per share.

A high percentage of the Group's business is driven by the short term needs of the client. A long forward order book is therefore not available and not appropriate to use as a measure of the Group's longer term prospects.

Detailed segmental reporting is set out in note 3 to the financial statements.

Year ended 31 January 2014 v Year ended 31 January 2013 (unaudited)





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The Group is committed to providing equal opportunities and ensuring that employees are able to work without discrimination.

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Corporate social responsibility

Air Partner regularly reviews and identifies ways in which its impact on the environment and its contribution to the community as a whole could be improved. Sustainability and Corporate Social Responsibility are an important part of Air Partner’s vision, mission and values and are key to achieving our goals.

The Group’s Business Ethics policy implemented last year contains a separate statement on Corporate Hospitality and can be downloaded from the corporate website: www.airpartner.com/investors/corporate-governance.

Environmental awareness

The Group seeks to reduce its carbon footprint year on year, and the move to new offices at Gatwick has improved energy efficiency and reduced road usage as staff and visitors utilise excellent local transport connections. Rail travel for staff and local buses for staff and visitors alike are subsidised by the Company. A waste monitoring and reduction programme has also been instigated. For information on the Group’s output of greenhouse gases, please see the Directors’ Report on page 28.

Jet travel does have significant environmental consequences. Although we do not operate aircraft directly, we work with our clients, our suppliers and our service partners to monitor and review the impact of our operations.

Many clients are conscious of, and would like to reduce, the environmental impact of their flights and we are happy to recommend aircraft which have a lower fuel burn profile, though this is not always available for large freight flights in particular. We can calculate automatically the carbon footprint of every flight and can provide clients with the data they need to make realistic decisions about both costs and emissions. We also include optional carbon offset costs as standard in our proposals. The number of tonnes offset can only be decided upon by our clients. The amount of carbon offset has shown a significant increase over the last three years but this remains a very small proportion in terms of the number of flights undertaken each year. Air Partner also offers a Carbon Neutral JetCard for frequent fliers.

Carbon offsets are used to help fund climate-friendly technology projects in less developed parts of the world which make use of renewable energy sources or improve energy efficiency, also providing socio-economic benefits. Projects this year, which have been vetted and endorsed by The CarbonNeutral Company, have included the installation of wind turbines in Maharashtra, India. This project involves the development of 25 x 800kW wind turbines with a total installed capacity of 20 MW located in the village of Panchpatta. The project provides 35GWh of renewable electricity to the Western regional electricity grid of India per year, reducing CO₂ emissions by displacing electricity from fossil fuel-based electricity generation plants (particularly coal-based generation). This project is validated to the Verified Carbon Standard (VCS).

Dream flight over the London skyline for inspiring boy with Spina Bifida



A six year old boy from Lambeth had his dream come true when he had the chance to take the controls of a helicopter before enjoying an incredible flight over the London skyline.

Abel Seleshi, who has spina bifida and hydrocephalus, which has left him unable to stand or walk and reliant on a wheelchair was given the opportunity to hold the controls of Elite Helicopters' Agusta A109 helicopter before enjoying the trip of a lifetime.

Taking off from the grounds of his primary school in West Dulwich, Abel was given the chance to enjoy a bird's eye view of London flying as low as 500 feet over the Olympic Stadium and the London Eye by Air Partner.

In association with WellChild, the national charity for sick children, Air Partner carefully planned and orchestrated this special trip for Abel and by sponsoring the PLC Awards we raised money to help the charity continue to provide essential support for seriously ill children, young people and their families across the UK.

There are occasions when air transport is the only solution and environmental damage has to be set against the undoubted benefit of being able to deliver fast, targeted help for those in need. Air Partner has expertise in chartering air ambulance and organ transplant flights and is proud of its involvement in providing humanitarian relief flights to deliver much needed aid and support to victims of war, famine, floods and earthquakes around the world.

Employees

The efforts of every single person in the business count towards Group performance. Investment in people has been targeted by the Board as a priority and a number of key appointments have been made during the financial year. Whether those people are experienced professional support staff, brokers or sales team all are expected to produce returns in the form of aircraft charters successfully delivered for clients. Remuneration is linked to performance throughout the business.

Air Partner is proud of its commitment to learning and development. The Group provides induction training in the UK for every new member of staff, followed by short courses designed to increase knowledge, develop new ideas and promote and strengthen relationships between international teams and offices. We also encourage continued professional development. There are regular updates on the Group's performance, through regular team and Divisional briefings and with individual office summaries and commentaries available on the staff intranet. Talent management and learning and development initiatives were implemented within the year to encourage personal success, to ensure that Air Partner people are "best in industry".

The Group is committed to providing equal opportunities and ensuring that employees are able to work without discrimination. Full and fair consideration is given to employment applications from persons with a disability. If an employee were to become disabled while in employment, the Group would make every effort to enable the employee to continue in employment and would make arrangements for additional equipment, support and training as appropriate.

The breakdown of employees as at 31 January 2014:

	Male	Female
Main Board	6	0
Leadership Team	6	1
Group totals	99	97

Going concern basis

Going concern

Having considered the Group's current financial position, the factors affecting its cost base, the state of the air charter market as a whole and budget forecast figures for a period of not less than twelve months from the date of approval of these financial statements, the directors are satisfied that the Group and the Company have adequate resources to continue in business for the foreseeable future and the Company is a going concern. The directors have continued to adopt the going concern basis in the preparation of the financial statements.

Expected future developments

The Group intends to concentrate on the core business of broking but will seek to widen and broaden its client base, focusing on niche areas of business which align well with the Group's strengths. In particular, the Group will highlight industries and territories where different Air Partner offices can work together to provide high levels of service.

Air Partner has highlighted its intention to continue to invest in staff and IT infrastructure. Air Partner remains committed to becoming the Number One Air Charter specialists. The Directors continue to believe that the best route to increasing long term value for shareholders is to deliver excellent service across the product range and across the broadest possible geographic area.

This report was approved by the board of directors on 9 April 2014 and signed on its behalf by;



Mark Briffa
Chief Executive

“
The Group
will highlight
industries and
territories where
different Air
Partner offices
can work together
to provide high
levels of service.
”



AC – Member of the Audit Committee
RC – Member of the Remuneration Committee
NC – Member of the Nomination Committee



Richard Everitt (65)
AC RC NC
**Independent
Non-Executive Chairman**

Richard qualified as a solicitor, rising to the position of Director of BAA plc with responsibility for strategy and regulatory matters following its privatisation. He subsequently became Chief Executive of National Air Traffic Services in 2001 and, since December 2004, has been Chief Executive of the Port of London Authority. Richard was appointed as non-executive Chairman on 9 February 2012.



Mark Briffa (49)
NC
CEO

Mark started his career with Air Partner as a Commercial Jets broker in 1996 and joined the Board in 2006 as Chief Operating Officer, becoming CEO in April 2010. He has direct experience of air charter broking and wide knowledge of the private aviation sector worldwide, built up over more than 20 years' experience in the industry.



Gavin Charles (48)
CFO

Gavin qualified as a chartered accountant with Ernst & Young and has more than 20 years' experience, having served as Finance Director in a number of UK and international companies. He was UK Finance Director of Miele Company Ltd before joining Air Partner as CFO in June 2010. As previously announced his agreement will terminate with effect from 1 May 2014.



Tony Mack (65)
AC RC
Non-Executive Director

Tony is the son of Air Partner's founder and first joined the family business in 1970, becoming Managing Director in 1979. He was appointed as Executive Chairman in 1985 and led the initial flotation of Air Partner shares on the London Stock Exchange, before stepping back into a non-executive role in 2008. His knowledge and experience of private aviation are unequalled within Air Partner and he personifies the link between the Group's modern international presence and its founding principles of value and service. He is to retire from the Board at the forthcoming AGM.



Grahame Chilton (55)
AC RC
**Independent
Non-Executive Director**

Grahame has enjoyed a long career in the re-insurance market. He was a leading member of the management team which lead the buyout of the Benfield Group in 1988 becoming Chief Executive in 1996. Benfield was acquired by the AON Corporation in 2008. Until 1 November 2013 he was the Chairman of Aon Holdings Limited. Grahame has established (and is Chairman and CEO) Capsicum Re a global reinsurance intermediary in partnership with AJ Gallagher (a NYSE listed insurance broker). On joining the Board in July 2013 Grahame became the Chairman of the Remuneration Committee.



Andrew Wood (62)
AC RC NC
**Senior Independent
Non-Executive Director**

Andrew joined the Board in June 2011 and is the Senior Independent Director, Chairman of the Audit Committee and until July 2013, Chairman of the Remuneration Committee. He was from 2001 to 2010 group finance director of BBA Aviation plc and RACAL Electronics Group from 1995–2000. A chartered management accountant Andrew is also a non-executive director and Chairman of the Audit Committee of Berendsen plc and Lavendon Group plc. On 1 November 2013 Andrew became a non-executive director of Stobart Group Limited.



Charles (Chuck) Pollard (56)
AC RC
**Independent
Non-Executive Director**

Chuck brings to Air Partner over 20 years' experience of the international non-scheduled airline industry as the former CEO of OmniAir International and World Airways. He is a director of Allegiant Travel Company, a US low cost air carrier listed on NASDAQ and AirCastle Limited, an aircraft leasing and finance company listed on the New York Stock Exchange. He has served as a non-executive director since July 2009.

The Leadership Team has collective responsibility for running the Group's business by:

- developing Air Partner's strategy and budget for Board approval,
- recommending to the Board capital expenditure and investment budgets,
- monitoring financial, operational and service performance,
- allocating resources across Air Partner as agreed by the Board,
- planning and delivering major programmes, and
- reviewing the senior talent base and succession plans.

The Terms of Reference for the Leadership Team are reviewed and approved by the Board annually, under which it can approve, up to limits beyond which Board approval is required, capital expenditure, and disposals of fixed assets, investments and divestments. The members of the Leadership Team call upon over 90 years of aviation experience.



Mark Briffa
CEO



Gavin Charles
CFO



Richard Smith
Director, Freight and Support Services



Neil Morris
Acting CFO



Paul Argyle
Director, Commercial Jets



Paul Richardson
Director Private Jets



Phil Mathews
President of Air Partner, Inc. (US)



Rachel Davies
Group HR Director



Kiran Parmar
Group Marketing Director

The directors present their reports and the audited financial statements for the eighteen months to 31 January 2014.

Information within the Strategic report, the Chairman's statement, the Chief Executive's review and the Chief Financial Officer's review on pages 6 to 12 is incorporated into the Directors' report by reference, which constitutes the fair review of the business required by the Companies Act 2006. Corporate governance is discussed on pages 29 to 31. The details of the salaries, bonuses, benefits and share interests of directors are shown in the directors' remuneration report on pages 36 to 53.

Results and dividends

The Group results are shown in the consolidated income statement on page 67. Profit after taxation for the year was £2.8 million (2012: £3.0 million). Factors influencing the results are discussed in the Chief Financial Officer's Review on page 12. Subject to shareholder approval at the AGM a final dividend of 14.00 pence per share is proposed, to be paid on 16 June 2014 to shareholders on the register on 16 May 2014. Together with the interim dividend of 6.05 pence per share paid in April 2013 and the second interim dividend paid in October 2013 of 14.00p per share paid, the total dividend for the eighteen month accounting period amounts to 34.05 pence per share (2012: total dividend of 18.2 pence per share).

Substantial shareholdings

As at 9 April 2014 the Company was aware of substantial interests in the Company's shares or had been notified of interests in voting rights under Chapter 5 of the Disclosure and Transparency Rules, as follows:

Share capital structure and shareholder rights

The authorised share capital of the Company is £750,000 divided into 15,000,000 ordinary shares of 5 pence each. All ordinary shares have equal rights to dividends and capital and to vote at general meetings of the Company, as set out in the Company's Articles of Association. The number of ordinary shares of 5 pence each issued and fully paid at 31 January 2014 was 10,261,393 (2012: 10,261,393). No shares were issued during the year.

Substantial shareholdings

Shareholder	Number of shares	% held	Nature of holding
Aberforth Partners LLP	1,129,834	11.01	Indirect
Schroder Investments Ltd	1,070,000	10.43	Indirect
BlackRock Investment Management (UK) Ltd	767,483	7.48	Indirect
R Griffiths	759,600	7.40	Indirect
A G Mack and family	751,500	7.32	Direct
Miton Asset Management Limited	474,133	4.62	Indirect
Barclays Stockbrokers	455,123	4.44	Indirect
Unicorn Asset Management Limited	422,953	4.12	Indirect
Allianz Global Investors	400,000	3.90	Indirect
Hargreaves Lansdown Stockbrokers	396,997	3.87	Indirect
Brewin Dolphin Stockbrokers	373,570	3.64	Indirect

The interests shown may include shares held under discretionary management agreements for which the manager may not exercise voting rights.

Based on Shares in Issue of 10,261,393

Source: RDIR, RNS

“
The issued share capital of the Company is £513,000 divided into 10,261,393 ordinary shares of 5 pence each.
”

Options outstanding under all employee share schemes amounted to 8.76% of the Company's issued share capital as at 31 January 2014. This includes options granted which have not yet vested. No more than 20% of issued share capital in any rolling 10 year period may be taken up by employee share schemes. In addition options representing 7.4% of the issued share capital have been exercised within the 10 years preceding 31 January 2014. No more than 20% of the issued share capital in any rolling ten year period may currently be taken up by employee share schemes by way of dilution but it is proposed to reduce this limit to 10% with any excess (up to a further 10% of the issued share capital) being acquired by purchase in the market via an employee benefit trust.

Under the Articles of Association, the Company has authority to issue 15,000,000 ordinary shares. Resolutions to renew the authorities given to directors to allot shares, to disapply certain pre-emption rights and to make market purchases of the Company's own shares, all subject to appropriate limits, will be put to the Annual General Meeting (“AGM”) to replace the authorities granted in 2012.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. No individual or corporate entity has the right to appoint a director. The appointment and replacement of directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation.

During the period, the Group established the Air Partner Employee Benefit Trust (“the Trust”) in order to satisfy options under the Group's share option schemes. At 31 January 2014 the number of ordinary shares held by the Trust was 224,932. Shares held by the Trust will not be voted.

Disabled employees

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and appropriate training is arranged. It is the policy of the group that the training, career development and promotion, of disabled persons should, as far as possible, be identical to that of other employees.

Greenhouse gas emissions

The Group is reporting as required under the Large and Medium – Sized Companies and groups (Accounts and Reports) Regulation 2008 as amended in 2013. The GHG Protocol Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors have been used for calculating the results. The key source of emissions is the use of gas and electricity in offices located around the world. The Group does not operate a significant number of motor vehicles.

	2014 (tonnes)
Vehicles	15
Electricity	226
Total	241

We have reported on all of the emission sources required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. The reporting boundary used for collation of the above data is consistent with that used for consolidation purposes in the financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014 to calculate the above disclosures.

The Group use of greenhouse gasses is restricted to office use and the operation of a small number of vehicles. In the case of offices occupation is usually within a multi occupied building without separate metering for individual parts where this has occurred an estimate has been used.

Directors' statement of responsibility for disclosure of information to auditors

As required by section 418 of the Companies Act 2006, each director serving at the date of approval of the financial statements confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of their reports of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report. In certain circumstances, the Company can indemnify directors, in accordance with its Articles of Association, against costs incurred in the defence of legal proceedings brought against them by virtue of their office. Directors' and officers' liability insurance is provided for the benefit of all directors, the Company Secretary and senior managers.

Auditor

Deloitte LLP have confirmed that they are willing to be reappointed as auditor for the financial year ending 31 January 2015.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing the appointment of a statutory auditor will be proposed at the AGM.

The Directors' Report was approved by the Board on 9 April 2014 and is signed on its behalf by:



David M Hatton FCA
Company Secretary
Air Partner plc
(registered in England and Wales,
under company number 00980675
2 City Place, Beehive Ring Road,
Gatwick. West Sussex RH6 0PA)

“
The Group use of greenhouse gasses is restricted to office use and the operation of a small number of vehicles.
”

Corporate governance statement

Compliance with the UK Corporate Governance Code

For the period year ended 31 January 2014 the Board considers it complied with all aspects of the UK Corporate Governance Code June 2010 (the "Code").

Diversity

Air Partner is a team made up of people with a broad range of backgrounds but does not intend to adopt a quota system, preferring to appoint the best candidate for any position. Instructions to any external agent appointed for senior appointments require that agent to provide a list of candidates from as many different backgrounds as possible.

Performance evaluation

During the year, an internal review of the performance of the Board and of individual Directors was carried out. As part of the review, objectives have been set for the Board for the next 12 months.

These areas include;

- Succession planning for the Board
- Review of Group strategy

Progress in achieving these objectives will form part of the next review.

Board constitution

The Board, as shown on pages 22 and 23, is made up of two executive and five non-executive directors, including the Chairman who is responsible for leadership of the Board. The balance of the Board is such that no individual or group of individuals can dominate the Board's decision making and there is a mix of skills and experience. Neither of the executive directors is a director of a public company outside the Group. Clear responsibilities are allocated to each of the non-executive Chairman, the CEO, the CFO and the Senior Independent Director. These terms and conditions of appointment are set out in writing and are available from the Company Secretary or at www.airpartner.com/investors/corporate-governance.

The Board carries ultimate responsibility for the conduct of the Group's business. A formal schedule of matters is reserved for Board decision, including formulation and development of strategy, major acquisitions or disposals, significant bank borrowings, Board level appointments, the approval of financial reports and price sensitive statements and overall business risk assessment. A copy of the schedule is available online at www.airpartner.com/investors/corporate-governance. The Board receives reports at each meeting from the CEO, the CFO and, following meetings of Board Committees, from their respective Chairmen.

Independence of non-executive directors

The Board considers all the non-executive directors, other than Tony Mack, to be independent. Tony Mack is a former executive Chairman and holds more than 6% of the Company's share capital. In the case of Mr Everitt, Mr Pollard and Mr Wood given their relatively small shareholdings, the Board does not believe that this impacts on their independence.

The Chairman's other directorships are listed in his biography.

Re-election of directors

In accordance with best practice, all directors except for Tony Mack (who is to retire from the Board at the forthcoming AGM) and Gavin Charles (his agreement will terminate with effect from 1 May 2014) will resign at this year's AGM and stand for re-election.

Following performance evaluation, the Board confirms its belief that all directors bring significant value to the business, are effective in Board decision-making and show the appropriate level of commitment to their roles. The Board therefore recommends the re-election of all directors, as listed in the separate Notice of AGM.

Board and committee meetings

The Board meets formally at least six times per year, with additional meetings to approve the publication of the annual and interim results.

Attendance at Board and Committee meetings by each director in the eighteen months to 31 January 2014 is set out below.

A Nomination Committee will be constituted for each new director appointment and is constituted as a formal sub-committee of the Board with its own defined Terms of Reference. The Committee's principal role is to review the composition of the Board and to manage the process for nomination of candidates and recommendation of a shortlist for the appointment of a non-executive director or Chairman. Membership will vary but the terms of reference for the Committee have been agreed by the Board and are available online at www.airpartner.com/investors/corporate-governance.

When proposing appointments of Directors, the Committee considers the skills, knowledge and experience that a candidate possesses compared to the skill sets and experience of the Board as it currently stands. Selection of candidates also takes into consideration the breadth of knowledge that the Board has and that it may require to provide a well balanced environment which encourages scrutiny and appropriate challenge of the Executive management. Independence of non-executive Directors is of paramount importance being a cornerstone of good corporate governance.

In November 2013 the Nomination Committee made up of Richard Everitt, Andrew Wood and Mark Briffa appointed external search agents Odgers Berndtson to provide a shortlist of suitable external candidates for the position of Chief Finance Officer of the Company.

Number of meetings

	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
M A Briffa	10/10	–	–	1/1
G Charles*	10/10	5/5*	–	–
Non-executive Directors				
R Everitt	10/10	5/5	5/6	1/1
A G Mack	9/10	4/5	5/6	–
C W Pollard	8/10	5/5	5/6	–
A R Wood	10/10	5/5	6/6	1/1
G Chilton**	2/4	–	2/3	–

* Gavin Charles is not a member of the Audit Committee but attends meetings by invitation.

** Grahame Chilton became a director on 31 July 2013.

The Remuneration Committee is made up of the non-executive directors and is chaired by Grahame Chilton. The Remuneration Committee reviews remuneration policy on behalf of the Board and, in particular, is responsible for setting executive remuneration levels and making discretionary performance-related awards to the executive directors. The Remuneration Committee's report appears in full on pages 36 to 53.

The Audit Committee is also made up of non-executive directors except G. Chilton, and is chaired by Andrew Wood. Although not members, the external auditor and the CFO are notified of all meetings and may attend by invitation. At each meeting, the Committee has the opportunity to talk to the external auditor without the CFO being present.

The principal duties of the Audit Committee are to monitor the integrity of the Company's financial statements, to ensure that appropriate accounting policies and standards are being followed, to review on behalf of the Board the effectiveness of audit procedures and the work of the independent auditor and to monitor on behalf of the Board the systems for internal financial control. The Board as a whole is responsible for internal control and risk management. The Audit Committee is required to report its findings to the Board, making any necessary recommendations for action or improvements. The Audit Committee's report appears in full on pages 32 to 34.

Leadership Team

The Leadership Team meets monthly to monitor operational performance, to consider new developments in line with the Group's strategic aims and to discuss issues relating to different trading divisions or geographic regions. The Leadership Team has its own terms of reference and limits of authority, below those of the main Board. The executive directors report back to each main Board meeting. Leadership Team members will be invited to attend main Board sessions during each year, to have the opportunity to present their business plans, report on progress and give an update on key operational activity, future plans and business opportunities. In turn, non-executive directors attend some sessions of the Leadership Team, purely as observers, to gain a better understanding of current issues across the Group.

Company Secretary

All directors have access to the Company Secretary who is charged with ensuring that Board procedures are followed, that the Company complies with applicable rules and regulations and that Board members receive appropriate and timely information to enable them to discharge their duties effectively. The Company Secretary advises the Board on governance matters and can make arrangements for the provision of independent legal advice for individual directors, on request and up to a maximum fee limit set by the Board. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

“

During the year, the full Board was responsible for the Group's system of internal control.

”

Report of the Audit Committee for the eighteen months ended 31 January 2014

The committee met five times during the period. In addition to reviewing the interim and annual results announcements in advance of publication and planning for the annual statutory audit, the Committee has focused on documenting more formally the process for risk management and continues to review internal control developments.

A formal report was received from the statutory auditor, Deloitte LLP, in respect of the audit and matters arising from the report were discussed prior to the Board's approval of the financial statements. The Committee has reviewed the external auditor's independence and the effectiveness of the audit process, taking into consideration relevant UK regulatory requirements.

Deloitte LLP also provide taxation advice to the Group but a clear distinction is maintained between audit and non-audit work to ensure that their independence and objectivity is not prejudiced by the level of fees received, or the nature of the work performed. The total amount paid for non-audit work in the eighteen month period was £61,000 – (2012 – £186,000).

The Committee considered in advance the content and scope of audit work and the audit fees proposed by Deloitte LLP and discussed changes in accounting policies and new developments within the business which might affect financial reporting going forward.

Internal control

During the year, the full Board was responsible for the Group's system of internal control and for reviewing its effectiveness, though reports are provided in the first instance to the Audit Committee by the CFO and the statutory auditor.

The key internal procedures currently in place are as follows:

- A detailed and comprehensive annual budget is produced and formally approved by the Board.
- The Board maintains a schedule of key matters reserved for its approval, which include financing and changes to banking arrangements, all significant capital expenditure and all acquisitions and disposals.
- Both the Leadership Team and the main Board receive monthly financial reports, showing the performance of each Division and country, with relevant commentaries to highlight variance from budget or particular areas of concern.
- Business performance reports are circulated to the Leadership Team on a weekly basis for sales bookings, and monthly to monitor overall performance.
- Clearly defined authority limits and controls are in place over contract signing limits and purchasing commitments; in particular, brokers operate within individual, pre-set limits of authority and only those staff who have successfully completed a six month probationary period can sign charter commitments on behalf of the Group.
- Each of the Group's major offices is visited at least once a year by a senior member of the Finance team.
- Risk registers are reviewed by the Audit Committee twice each year. Between such meetings, any significant risks identified will be notified to directors and control procedures suggested for their approval to mitigate against such risks, where possible.
- The Group does not trade speculatively in derivatives. Other than forward foreign exchange contracts, the Group does not use complex treasury instruments in the normal course of business and any specific projects that may involve such instruments require Board approval.
- Clearly defined authority limits and controls are in place over the extension of credit to clients.

An internal audit function was established in the year. The Audit Committee reviewed and approved a work programme for the function comprising internal audit visits to selected offices with a self-review programme of work. The largest offices receive an internal audit visit annually with smaller offices reviewed less frequently. The findings of the internal audit work programme are presented to the Audit Committee for review. The internal audit function is not fully independent of management as it is currently staffed by a member of the finance function.

In their review, the directors will consider the nature of the Group's business, the risks to which that particular business is exposed, the likelihood of such risks occurring and the costs of protecting against them. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance.

A whistle-blowing policy is in place across the Group to enable members of staff to bring to the attention of any director serious matters of financial misconduct which they believe would damage the performance or reputation of Air Partner plc.

Applying the principles of the Code

Improvements have been made in corporate governance during the year as well as establishing an internal audit function. Air Partner's main market listing on the London Stock Exchange is valued by clients and suppliers as a mark of quality and transparency of information and I believe that the systems in place for Board governance, as detailed above, are appropriate for a smaller listed company.

Additional information for shareholders

Information on share capital and major interests in shares, which is required to be disclosed under Rule 7.2.6 of the Disclosure and Transparency Rules, appears within the Directors' Report on page 26.

Communication with shareholders

The Board is keen to ensure that effective communication with shareholders, analysts and the financial press is maintained throughout the year. This is achieved through timely publication of the annual and half year results and other announcements, as well as through presentations to analysts and significant shareholders. The Board seeks to present its strategy and performance in an objective and balanced manner. Directors are encouraged to meet significant shareholders and are keen to gain an understanding of the views and comments of both institutional and private individual shareholders.

The Board welcomes the participation of shareholders in the AGM and will again, this year, count all votes cast, whether in person or by proxy, by means of a poll on every resolution. The Chairmen of Board Committees will be available at the AGM to answer any questions that might arise.

In accordance with the Corporate Governance Code the votes cast and the numbers of shares voted for and against each resolution, and any votes withheld, will be made public by means of an announcement through a Regulatory Information Service and on the Company's website.

The AGM will be held at 11:00 am on Thursday 5 June 2014 at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The Notice of AGM is contained in a separate document which has been sent by post, together with a Proxy Form, to those shareholders who prefer a paper copy and by email where shareholders have agreed that Air Partner can communicate with them electronically. Both the Notice of AGM and the Proxy Form are available to download at www.airpartner.com/investors/shareholder-information.



Andrew Wood
Chairman

Directors' responsibility statement

The directors are responsible for preparing the Strategic report incorporating the business review, the Directors' report, the Directors' remuneration report and the Group and parent Company financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted for use in the European Union. Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position, financial performance and cash flows. This requires the fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Directors are also required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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 which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Group website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' statement of responsibility for financial statements

Each of the directors serving at the date of approval of the accounts confirms that, to the best of his knowledge and belief:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group and Company; and
- the Chairman's Statement, the Business Review, the Financial Review and the Directors' Report give a fair review of the Group, together with a description of the principal risks and uncertainties that the Group faces.

The responsibility statement was approved by the Board of Directors on 9 April 2014.

Introduction

Process

This report is on the activities of the Remuneration Committee for the period to 31 January 2014. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the company. This is the first time the Company has prepared this report in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013; the Companies Act 2006 and meets the requirements of the Financial Conduct Authority's Listing Rules. A resolution to approve the report will be proposed at the 2014 Annual General Meeting of the Company at which the financial statements will be approved.

The report has been divided into separate sections for audited and unaudited information and is split into three main areas; the statement by the Chair of the Remuneration Committee, the annual report on remuneration and the policy report. The policy report has been approved by the Board and will be subject to a binding shareholder vote at the 2014 Annual General Meeting on 5 June and will take effect on the day following. The annual report on remuneration has been approved by the Board and provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the 2014 Annual General Meeting.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Director's Remuneration Report and to state whether, in their opinion; those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chairman of the Remuneration Committee and the policy report are not subject to audit.

Policy report

The Company's policy in relation to executive directors remains unchanged from prior financial years and is designed to attain, retain and motivate individuals of the calibre and expertise to manage the Group's strategic plans and lead the management team. The policy is designed to achieve strategically stretching goals as well as aligning their interests to shareholders and stakeholders alike. The Committee seeks to ensure that the Company's remuneration system and policy encourage value creation for shareholders, promote responsible and safe practices and maintain a demonstrably fair relationship between pay and performance.

Annual statement of the Chairman of Remuneration Committee

I am pleased to present the remuneration committee's report on director's remuneration for the period ended 31 January 2014. The information set out on pages 49 to 53 of this Directors' Remuneration Report represents the auditable disclosures referred to in the Auditor's report on pages 65 to 66 as specified by the UK Listing Authority and the Regulations

The Remuneration Committee's philosophy for remuneration remains to attract and retain leaders who are focussed and encouraged to deliver business transformation, develop a sustainable, profitable business and increase shareholder value.

Our policy is unchanged from that in force in prior financial years and will take effect from the day following the Annual General Meeting on 5 June 2014 and will operate for up to three years. Future reviews of future business and remuneration strategies during this three year period may alter the policy. If such alterations are deemed by the Remuneration Committee to be significant, the policy will be submitted to the next available General Meeting for shareholder approval.

Key Activities of the Committee during the 18 months accounting period to 31 January 2014

- The Remuneration of the Executive Directors is reviewed annually to be effective from 1 August to ensure that the packages offered are effective in promoting the Company's business strategy.
- The Committee also determines the extent to which the performance measures in respect of the incentives plan have been achieved.
- Bonus targets are set for each year following the approval of the financial budget.
- The 2012 Share Option Plan and the LTIP were approved by shareholders at the AGM held in 2012. The Committee has approved awards under these schemes.
- Compensation package for Gavin Charles.
- Consideration of the remuneration package for the recruitment of the CFO



Grahame Chilton
Chairman, Remuneration Committee

Remuneration policy table

The table below sets out a summary of Air Partner's future remuneration policy for executive directors.

Remuneration Element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Base salary	<p>Supports the recruitment and retention of executive directors of the calibre required to fulfill the role without paying more than is necessary to do so</p> <p>Rewards executives for the performance of their role</p> <p>Reflects the individual skills, experience and role within the Group</p>	<p>Paid in cash</p> <p>Normally reviewed annually to take effect on 1 August but exceptionally may take place at other times of the year;</p> <p>In determining base salaries, the committee considers;</p> <ul style="list-style-type: none"> — Pay levels at companies of a similar size and complexity — External market conditions — Pay and conditions elsewhere in the Group — Personal performance 	<p>The Committee's policy is to set base salary at an appropriate level taking into account the factors outlined in this table there is no maximum value</p>	N/A	None
Pension	<p>Provides funds to allow executives to save for retirement</p> <p>Provides a market competitive retirement benefit</p> <p>Incentive and retention tool</p>	<p>In determining pension arrangements, the Committee takes into account relevant market practice.</p> <p>The scheme is defined contribution.</p> <p>A salary sacrifice scheme is in operation for executive directors</p> <p>Bonuses are non-pensionable</p>	<p>CEO receives a company contribution of 12.0%</p> <p>CFO receives a company contribution of 12.0%</p>	N/A	None
Benefits in kind	To provide a market competitive level of benefits to executive directors	Executive directors can receive life assurance, health insurance, car allowance, income protection, critical illness cover and sports club or gym membership	There is no maximum value	N/A	None
Relocation / expatriate assistance	Assistance to executive directors who are required to work away from their home location to enable the Company to recruit the best person for the role	Assistance will include (but not limited to) facilitating or meeting the costs of obtaining visas or work permits for executive directors and their immediate family, removal and other relocation costs, house purchase or rental costs, limited amount of travel costs, tax equalization arrangements	There are a number of variables affecting the amount that may be payable, but the Committee would pay no more than it judged reasonably necessary. The maximum amount payable shall not exceed £50,000 per individual in any financial year	N/A	None

Remuneration Element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Annual bonus	Rewards and incentivises the achievement of annual financial objectives which are aligned with key strategic goals and supports the enhancement of shareholder value	<p>Paid in cash following announcement of financial year results</p> <p>Bonuses are not pensionable</p>	<p>Maximum opportunity to achieve:</p> <ul style="list-style-type: none"> — CEO: 110.5% of base salary — CFO: 82.975% of base salary <p>Bonus accrues from threshold levels of performance</p>	<p>CEO bonus payment based on:</p> <ul style="list-style-type: none"> — KRA: 30% based on performance towards Key Result Areas defined at the beginning of each financial year; — Company performance: 70% based on financial metrics <p>CFO bonus payment based on:</p> <ul style="list-style-type: none"> — KRA: 30% based on performance towards Key Result Areas defined at the beginning of each financial year; — Company performance: 70% based on financial metrics 	Bonus is usually not paid to a good leaver should they leave before the payment date of said bonus
Long Term Incentive Plan ("LTIP")	<p>Incentivises executives to achieve Air Partner's long-term strategy and create sustainable shareholder value</p> <p>Enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return of capital</p> <p>Aligns with shareholder interests through the delivery of shares</p>	<p>Awards vest after three years based on Group financial targets</p> <p>Awards are in the form of nil-cost shares and must be exercised within four years of vesting</p>	<p>Maximum plan award of 150% of base salary</p> <p>Usual award levels will be:</p> <ul style="list-style-type: none"> — CEO: 100 to 150% of base salary — CFO: 75 to 100% of base salary 	<p>LTIP award vesting is subject to a combination of 50% EPS and 50% TSR</p> <p>TSR:</p> <ul style="list-style-type: none"> — 100% vest if performance greater than 75th percentile — Proportionate vesting where performance falls between the 50th and 75th percentile rankings <p>EPS:</p> <ul style="list-style-type: none"> — 100% vest if performance greater than RPI + 10% — Proportionate vesting where performance between the RPI + 5% pa and RPI + 10% pa growth 	<p>As per the Rules of the scheme awards will lapse if the executive leaves before the end of the Performance Period</p> <p>Committee has discretion in certain circumstances (for example death, serious illness, redundancy) to permit an award to vest before the end of the Performance Period</p>

Remuneration outcomes in different performance scenarios

The charts below set out an illustration of the remuneration policy for 2014. The charts provide an illustration of the proportion of total remuneration made up of each component of the remuneration policy and the value of each component.

The bonus scheme for senior executives was introduced in September 2010 and is based on on-target performance. The first 30% of the on-target bonus depends on individual achievement in Key Responsibility Areas (KRAs), determined each year by the Remuneration Committee. The remaining 70% is linked to corporate performance, evidenced by the reported underlying profit of the Group, excluding discontinued and exceptional items. Company outperformance is rewarded for each 1% above target profit, up to a maximum amount of the original profit target.

Three scenarios are illustrated for each executive director.

CEO and CFO

Maximum

- fixed pay plus full vesting of all performance related pay;

At expectation

- fixed pay plus short and long-term performance related pay vesting at the levels reasonably expected; and

Minimum

- only fixed pay (salary, benefits in kind and pension) is payable and no short or long term performance-related pay accrues.

Please note that the following information is indicative and not final, although will be agreed in due course.

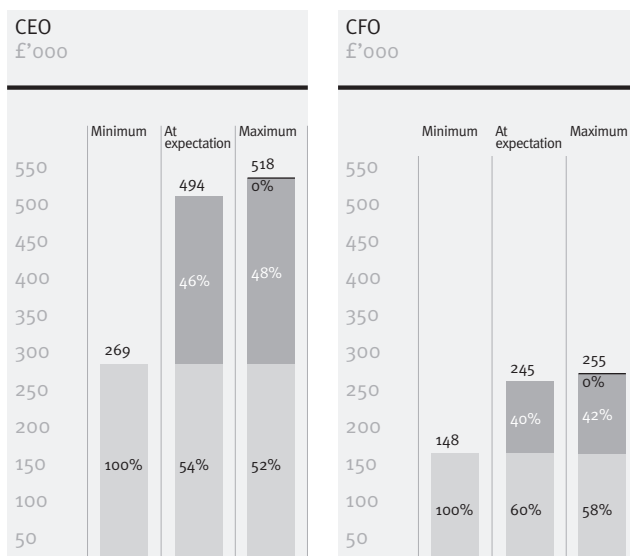
Key to charts

- Salary, benefits in kind and pension (as per the remuneration policy) are shown as estimated cash cost or taxable value to the individual
- Air Partner's bonus schemes operate so that amounts in respect of the current financial period are only paid in the following financial year, after the completion of the audit and Board approval of the accounts. The charts reflect the accrual in the accounts earned in the period and not necessarily the actual amount paid in the period.
- Bonus at below threshold performance reflects a position where none of the personal or corporate metrics were achieved at threshold level; expectation reflects metrics achieved at target level and maximum reflects the position where every metric is achieved at stretch up to the amount of the bonus cap.
- LTIP awards are made in the year but do not normally vest until three years after award. The charts reflect the value at the strike price of the award made during the financial period varied according to company performance alone.

■ LTIP (performance and matching performance)

■ Annual bonus

■ Fixed pay



Future policy – Non-executive directors

Remuneration element
Fees
Purpose and link to remuneration policy
Fees for non-executive directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors; the time commitment required to fulfil the role, typical practice at other companies of a similar size and salary levels of employees throughout the Group.
Key features and operation (including maximum levels)
<p>The non-executive director fees policy is;</p> <ul style="list-style-type: none"> — to pay a basic fee for membership of the Board — additional fees for chairmanship of the Board and — chairmanship of a committee to take into account the additional responsibilities and time commitment of these roles. <p>Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board. There is no increase in fees planned for 2014.</p> <p>Air Partner's current fee policy is as follows:</p> <ul style="list-style-type: none"> — Basic fee – £30,000 — Board Chairman – £30,000 — Committee Chairman – £5,000

Policy provisions relating to directors' remuneration

Flexibility, discretion and judgment

Every attempt has been made to ensure that the majority of situations and scenarios that may arise in relation to director remuneration have been covered in this policy. However, there may be times when the Remuneration Committee may need a level of discretion, judgment or flexibility to achieve a fair result. Discretion will be required at times where changes to business requirements require short term incentives to drive appropriate behaviours and incentivise. Judgment and flexibility may also be needed in downgrading, as well as upgrading, certain remuneration elements there by permitting the Committee to adapt to changing situations. Although the Committee will maintain a strict adherence to the three year policy whenever possible, the requirement to engage with shareholders each and every time a short time measure is required can be onerous in time and expense. It remains a commitment of the Committee to maintain engagement with shareholders throughout the three year life and, where appropriate, formally engage them in placing a revised policy to a General Meeting for approval before the three year period expires.

Such discretion for those key areas are detailed as follows;

- Bonus – Bonus programmes for executive directors are unique and tailored to their respective roles with performance criteria aligned to the needs of the Company and shareholders. Maximum bonuses are capped for the CEO and CFO at 110.5% and 82.975% respectively. The Committee will have the discretion (1) to alter the performance criteria each year as progress is made towards the Group's strategy and the needs of the Group (but in no event to exceed the maximum capped bonus stated in the policy table above without reference to shareholders in General Meeting), (2) in relation to leavers as provided for in the policy table and (3) on a change of control of the Company, to determine the amount of bonus for that year taking into account such factors it considers appropriate, including performance and time-apportionment and any additional terms which may apply to such payment, and (4) whether to settle bonus awards in cash or shares.
- LTIP – Committee will have the discretion (1) to determine who is to participate each year in the plan and the levels of award to be made (but not to exceed the levels stated in the LTIP Rules), (2) to set or alter the performance criteria at the outset of each award, (3) in relation to leavers as provided for in the policy table, and (4) on a change of control of the Company, to determine the level of vesting of awards taking into account performance and such other factors as the Committee believes to be relevant.

- Relocation / expatriate assistance – as provided for in the policy table up to a maximum amount payable not to exceed £50,000 per individual in any financial year.
- Make payment proposals on hiring a new executive director which are outside the standard policy but as restricted and stipulated below under Recruitment remuneration arrangements.

Recruitment remuneration arrangements

In the event that the Company recruits a new executive director (either from within the organisation or externally) when determining appropriate remuneration arrangements, the Committee will take into consideration all relevant factors (including but not limited to quantum, the type of remuneration being offered and the jurisdiction the candidate was recruited from) to ensure that arrangements are in the best interests of both the Company and its shareholders without paying more than is necessary to recruit an executive of the required calibre.

The Committee would generally seek to align the remuneration package offered with Air Partner's remuneration policy outlined in the table above.

However, the Committee retains the discretion to make:

- proposals on hiring a new executive director which are outside the standard policy. In the first year of appointment, the Committee may offer additional remuneration arrangements that it considers appropriate and necessary to recruit and retain the individual but shall not be offered in successive years. Such remuneration may be made in the form of cash or share based awards which may vest immediately or at a future point in time. Vesting may be subject to performance conditions selected by the Committee.
- awards on appointing an executive director to "buy-out" remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors attached to these awards, the form in which they were granted (e.g. cash or shares) and the time frame over which they would have vested. Generally buy-out awards will be made on a comparable basis to those forfeited.
- in the event of recruitment, the Committee may also grant awards to a new executive director under Listing Rule 9.4.2 which allows for the granting of awards, specifically to facilitate, in unusual circumstances, the recruitment or retention of an executive director, without seeking prior shareholder approval.

No sign-on payments will be made to non-executive directors nor shall they be offered share options or LTIPs.

Executive director service contracts

Each of the service contracts for executive directors:

Mark Briffa entered into a service agreement with the Company dated 8 February 2012. His agreement is terminable by either party giving not less than 12 months' written notice. If the Company terminates employment without due notice, other than in circumstances such as gross misconduct or other immediate justifiable causes, the Company is required to make a payment equal to the aggregate of the executive director's basic salary and the value of any contractual benefits for the notice period including any accrued but untaken holiday.

Gavin Charles entered into a service agreement with the Company on 23 June 2010. His agreement will be terminated by the Company on 1 May 2014 without due notice. The Company is therefore required to make a payment equal to the aggregate of the executive director's basic salary and the value of any contractual benefits for the notice period including any accrued but untaken holiday.

The Remuneration Committee generally seeks to apply practical mitigation in respect of termination payments where appropriate. Under terms of reference agreed in September 2010, any ex-gratia payments made at the discretion of the Remuneration Committee in excess of statutory or contractual obligations will be limited to an amount not exceeding one year's bonus plus legal fees, so long as such fees do not exceed £5,000.

The service agreements are held at the registered office and are available to shareholders to view on request from the Company Secretary.

Executive director services contracts

Director	Date of service contract	Date of appointment	Unexpired term at 31 Jan 2014	Notice period
M Briffa	8 Feb 2012	1 Jan 2005	12 months	12 months
G Charles	23 Jun 2010	29 Jul 2010	12 months	12 months

Terms and conditions for the Chairman and non-executive directors

Richard Everitt was appointed as a non-executive director of the Company on 1 January 2005. Mr Everitt's letter of appointment was updated following his appointment as Chairman on 9 February 2012 and his initial appointment was for a maximum period of three years ending on 8 February 2015.

The Chairman's appointment may be terminated by the Company in accordance with the letter of appointment giving three months' notice, the Company's Articles of Association or the Companies Act 2006. In the event of early termination of contract, there will be no payment for loss of office or for the unexpired appointment term. In addition to the time commitment, the annual engagement fee and other business interests, the Chairman is entitled to hold other directorships provided such appointment does not interfere with his position at the Company.

The non-executive directors have letters of appointment from the Company covering matters such as duties, time commitment, fees and other business interests. The non-executive directors are appointed for an initial three year period which may be renewed once by mutual consent. In exceptional circumstances, one further extension may be agreed, but no Non-Executive Director may serve for a period of more than nine years from their date of appointment.

Non-executive director appointments may be terminated by the Company in accordance with the letter of appointment giving three months' notice, the Company's Articles of Association or the Companies Act 2006. In the event of early termination of contract, there will be no payment for loss of office or for unexpired appointment term. In addition to the time commitment, the annual engagement fee and other business interests, the non Executive Directors are entitled to hold other directorships provided such appointment does not interfere with their position at the Company.

New letters of appointment were issued in September 2011 to Mr Mack and Mr Pollard, aligning their terms of appointment with those agreed for Mr Wood in June 2011. The new letters confirm a standard term of three years, renewable once by mutual consent and, in exceptional circumstances, by one further period, such that no non-executive director may serve for a period of more than nine years.

All appointments are subject to the Company's Articles of Association and annual re-election by shareholders.

Non-executive directors' Letters of Appointment

Director	Date of initial letter	Date of appointment	Term	Unexpired term at 31 Jan 2014	Notice period
R L Everitt	9 Feb 2012	9 Feb 2012	3 years	1 y 0 m	3 months
A G Mack	18 Mar 2008	1 Apr 2008	5 years	0 y 3 m	3 months
C W Pollard	2 Jul 2009	6 Jul 2009	6 years	1 y 6 m	3 months
A R Wood	7 Jun 2011	7 Jun 2011	3 years	0 y 5 m	3 months
G Chilton	25 July 2013	31 July 2013	3 years	2 y 6 m	3 months

Non-executive directors' Letters of Appointment

The Company intends to have at least two independent non-executives on the Board at any time. The Board considers each of Mr Everitt, Mr Pollard, Mr Wood and Mr Chilton to be independent.

No director has any direct or indirect interest in any contract or arrangement subsisting at the date of these financial statements which is significant in relation to the business of the Group and which has not otherwise been disclosed.

Policy on payment for loss of office

Notice periods set in executive directors service contracts are driven by the need to protect shareholder value and interests. As noted above, both executive directors have notice periods of twelve months. A bonus is not usually paid to a good leaver should they leave before the payment date of said bonus and there is no mechanism for claw back.

The principles on which the determination for payments on termination will be approached are as follows:

- service contracts legally oblige the Company to either continue to pay salary and pension allowances and other contractual benefits for any unworked notice period or, at the option of the Company, to make payment in lieu of notice unless where an executive director's employment is summarily terminated. The committee reserves the right to make discretionary payments in lieu of notice which may be paid in a lump sum, quarterly or monthly;

- the payment of a performance bonus and/or other short term incentives may be offered to the departing executive director during his/her notice period, based on an assessment of personal and corporate performance up to the date of departure. Bonuses will not be paid for any unworked period of notice;
- where a role fulfilled by an executive director is declared redundant then the individual may have the legal right to either statutory redundancy pay or to a payment under the Group's normal severance arrangements applicable to employees generally;
- in case of poor performance, contractual termination payments may generate undue and potentially excessive reward, in such circumstances, the Remuneration Committee will consider terminating a service contract on a fair basis, whilst protecting the rights of the Company;
- payments for loss of office as a director of Air Partner plc or any of its subsidiaries will not be paid;

The Company's various incentive schemes are governed by formal rules, all of which have been approved by shareholders. Directors have no contractual rights to the value inherent in any awards held under these plans and these plans provide for vesting in different leaver scenarios.

If employment is terminated by the Company, the departing executive may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. The Committee retains discretion to settle any other amounts reasonably due to the executive where the Company wishes to enter into a settlement agreement. In certain circumstances, the Committee may approve new contractual arrangements with departing executives, potentially including settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will only be used where the Committee believes it is in the best interests of the Company.

Consideration of employee remuneration arrangements

Air Partner employs a number of colleagues in a variety of roles, from administration support staff and brokers to senior management and directors across a range of geographies. Its reward structure for all employees is built around a set of common reward principles on a framework altered to suit the needs of the business for our different employee groups across the Company. Reward packages therefore differ, taking into account a number of factors including seniority, impact on the business, local practice, custom and legislation.

The remuneration policy for the executive directors reflects the overall remuneration philosophy and principles of the wider Group. When determining remuneration policy and arrangements for executive directors, the Remuneration Committee consider the wider pay and employment conditions elsewhere in the Group to ensure pay structures from director to senior management are appropriately aligned.

When considering salary increases for the executive directors, the Committee considers the general level of salary increase across the Group. Typically, salary increases will be aligned with those received elsewhere in the Group unless the Committee considers that specific circumstances require a different level of increase for executive directors.

Considering shareholder views

The Committee is dedicated to an on-going dialogue with shareholders and seeks shareholder views when any significant charges are being made to remuneration arrangements. Over the last few years the Committee has consulted shareholders regarding the implementation of the 2012 Share Option Scheme and 2012 Long Term Incentive Plan and applicable performance measures.

“
Air Partner employs a number of colleagues in a variety of roles, from administration support staff and brokers to senior management and directors across a range of geographies.
”

Remuneration Committee structure

The Remuneration Committee is constituted as a formal sub-committee of the Board with its own defined Terms of Reference. Its primary role is to review and set the remuneration policy for the executive directors, within the context of salaries and benefits paid across the Group as a whole. The full Board agrees the remuneration of the Chairman and non-executive directors on the principle that no individual should be able to determine their own remuneration.

All the non-executive directors were members of the Committee for the whole year, with the exception of Grahame Chilton who was appointed in July 2013. The Committee is chaired by Grahame Chilton who, upon his appointment, succeeded Andrew Wood.

The Committee can, and did obtain information and advice during the period under review from the the Group HR Director, the Company Secretary, the executive directors and may seek advice from any other employees as required. It may also obtain, at the expense of the Company, any necessary legal or professional advice, up to a pre-determined limit but has not needed to do so in the year under review.

Individual components of remuneration

Share options

Share options were awarded at the Remuneration Committee's discretion under the Company Share Option Plan which was first approved by shareholders in 2003. This plan is now closed and no further grants of options may be made under this scheme.

Exercises of options by staff below director level and exercises of all options granted before 24 May 2010 are subject only to a service condition. Options vest three years from the date of grant and expire if not exercised within ten years, except in exceptional circumstances such as the death of the holder. All outstanding options lapse upon cessation of employment, unless there are special circumstances such as redundancy or retirement when options must be exercised within a six month period. Options may not be granted at a discount and the aggregate market price for options awarded during any one year period may not exceed four times the individual's relevant emoluments.

The vesting of options granted to directors on or after 24 May 2010 is subject to additional performance criteria intended to align directors' interests with those of investors.

A maximum of 80% of the options awarded may vest in 2013 if growth in the Group's undiluted earnings per share from continuing operations (EPS) has increased by 33% over a period of approximately three years. Half of this number of options will vest if EPS over the same period has increased by 22.5%, with a sliding scale for growth between 22.5% and 33%. None of these options will vest if EPS has grown by less than 22.5% over the period. The initial measurement of EPS was taken from the annual accounts of the Company to 31 July 2010 and options may vest if the performance conditions have been satisfied by reference to the annual accounts of the Company as at 31 July 2013.

The remaining 20% of options shall vest completely if underlying profit before tax from activities outside the UK has increased by 50% over the same three year period. This target has been set to align with the Group's stated business objective to increase its geographical diversification.

In respect of the grants of options made on 26 October 2010, 80% of the options granted will vest if EPS has grown over the three year period from 26.8 pence to 35.7 pence. None of these options will vest if EPS after three years does not exceed 32.8 pence.

“ The Remuneration Committee is constituted as a formal sub-committee of the Board with its own defined Terms of Reference. ”

Options granted on 20 April 2012 will vest if the following criteria are met over a three year period ending 2015;

- 1 Vesting of 50% of the options granted will depend on outperformance of Air Partner plc's Total Shareholder Return relative to the FTSE UK Small Cap Index, ex Investment Trusts (the "Index").
 - No options will vest if TSR outperformance is less than the equivalent of 5% per annum (compounded) relative to the Index.
 - If TSR outperformance is the equivalent of 5% per annum (compounded) relative to the Index, half of the number of options subject to this performance condition will vest.
 - If TSR outperformance is the equivalent of 10% per annum (compounded) relative to the Index, all of the options subject to this performance condition will vest.
 - Options will vest on a sliding scale if TSR outperformance is between 5% and 10%.

- 2 The remaining options granted will vest if underlying profit before tax ("PBT") for the financial year ending 31 July 2015 exceeds twice the underlying PBT for the financial year ending 31 July 2012 or £6 million, whichever is the higher. None of these options shall vest if PBT for the financial year ending 31 July 2015 is below £6 million.

Grants of options will generally be made within 42 days of the announcement of annual or half yearly results and the base measurement for EPS will be that shown in the annual or half yearly accounts of the Company most recently published. The Remuneration Committee must be satisfied at the time of vesting that the underlying performance of the Company justifies the vesting. No options may vest until the Committee has written to participants to confirm that the necessary conditions have been fulfilled.

At the AGM in 2012, shareholders approved a new share option scheme. Under the 2012 Scheme options may be granted to eligible employees (including executive directors) within the Air Partner Group, subject to defined limits. There is no present intention of granting options to the executive directors of Air Partner plc but if that position changes the performance conditions set out below will be reconsidered to ensure they remain appropriate. The 2012 Scheme will comply with the institutional guidelines relating to employee share incentives. Appropriate reference will be made to the Company's Remuneration Committee (comprising only non-executive directors who are ineligible to participate in the 2012 Scheme) with regard to the establishment of performance conditions at the time (or shortly before) options are granted. These performance conditions, which must be met prior to the exercise of the options, will be designed so that they will only be met in the event of a significant and sustained improvement in the underlying financial performance of the Company. It is intended that, the first one third of the number of shares placed under option to any individual will vest if the Company's underlying basic earnings per share increases over a fixed period of three consecutive financial years by an average of at least 3% per annum in excess of inflation over the same period as measured by reference to the Retail Prices Index ("RPI"). Vesting of the full number of shares under option will be subject to meeting an increased target of RPI + 7% per annum over that period with straight line vesting in between. There will be no re-testing of performance conditions if they are not met by the end of the relevant performance period.

Long term incentives

Long term incentives are awarded at the Remuneration Committee's discretion under the Air Partner Long Term Incentive Plan 2012 ("LTIP") which was approved by shareholders in 2012.

Awards made under the LTIP will be subject to performance conditions based on Total Shareholder Return ("TSR") and Earnings per Share ("EPS") as, in the view of the Committee, these remain key performance indicators of the business.

Individual limits will normally be restricted to 100% of basic salary per annum. However, in circumstances considered by the Remuneration Committee to be exceptional, the limit may be increased to 150% of basic salary on a non-recurring basis. These are the maximum annual limits and the actual level of awards will be considered each year by the Committee before they are made. The vesting of awards will be subject to challenging TSR and EPS performance conditions being achieved over a minimum period of three years.

In respect of the grants of LTIPs made on 22 October 2013, 25% of LTIPs granted will vest if EPS has grown over the three year period by 5% + RPI. 100% of LTIPs granted will vest if EPS has grown over the three year period by 10% + RPI. For intermediate performance between RPI + 5%pa and RPI + 10% pa vesting will occur on a straight-line basis.

Remuneration report for the eighteen month period to 31 January 2014

(Audited)	Salary		Taxable benefits		Bonus		Gain in vesting of share option		Pension		Total	
	2014 £	2012 £	2014 £	2012 £	2014 £	2012 £	2014 £	2012 £	2014 £	2012 £	2014 £	2012 £
Mark Briffa	276,032	182,500	3,237	2,870	283,080	41,975	61,000	–	33,124	21,900	656,473	249,245
Gavin Charles	211,750	140,000	4,173	2,877	154,818	24,507	8,600	–	25,410	16,800	404,751	184,184
Total	487,782	322,500	7,410	5,747	437,898	66,482	69,600	–	58,534	38,700	1,061,224	433,429

Executive director remuneration (audited)

The table above sets out the fees payable to each director performing an executive function for the financial period.

The resultant percentages against each of the bonus measures achieved by each Executive Director are shown below:

- **Salary and fees** – the executive directors received a 2.5% pay increase in the period
- **Taxable benefits** – executive directors receive a benefits package including life assurance, subsidised gym membership, home telephone and internet facility.
- **Bonus** – the maximum bonus for the period for the CEO is capped at 110.5% and for the CFO at 82.975%
- **Long term incentives** – an award under The Air Partner Long Term Share Incentive Plan 2012 was made to both executive directors in the period and are subject to performance and continued service conditions.

- **Pension related benefit** – both executive directors are members of the Air Partner Pension Scheme (a defined contribution scheme).
- Included in the bonus figures for Mr Briffa is an accrual for the period to 31 January 2014 of £90,725 and for Mr Charles of £52,198. The bonuses in respect of Mr Briffa are based upon the achievement of 83.3% of KRA and 100% in respect of corporate performance and Mr Charles upon the achievement of 91.7% of KRA and 100% in respect of corporate performance.

Measure	Mark Briffa % of performance target achieved		Gavin Charles % of performance target achieved	
	Aug 13 – Jan 14	Aug 12 – July 13	Aug 13 – Jan 14	Aug 12 – July 13
Key Responsibility Area	27*	26	21*	15
Company Performance	72*	78	53*	59

* Accrued

In the year ended 31 July 2012 there was a pay freeze in operation in the UK and therefore the CEO did not receive a salary increase. In July 2013 the average pay increase in the UK was 2.5%, which was also awarded to the CEO.

Performance graph and CEO remuneration table

To help investors to measure Air Partner's comparative performance, the graph below shows the change in the total shareholder return of the Company for each of the last five financial years compared with the FTSE All Share Index.

Air Partner is not currently a constituent member of the FTSE All Share Index but the Index has been selected as an appropriate comparator because it is easily accessible by investors and covers the performance of a broad range of companies, including aviation, transport and luxury retail businesses.

The table right sets out the details for the director undertaking the role of chief executive officer:

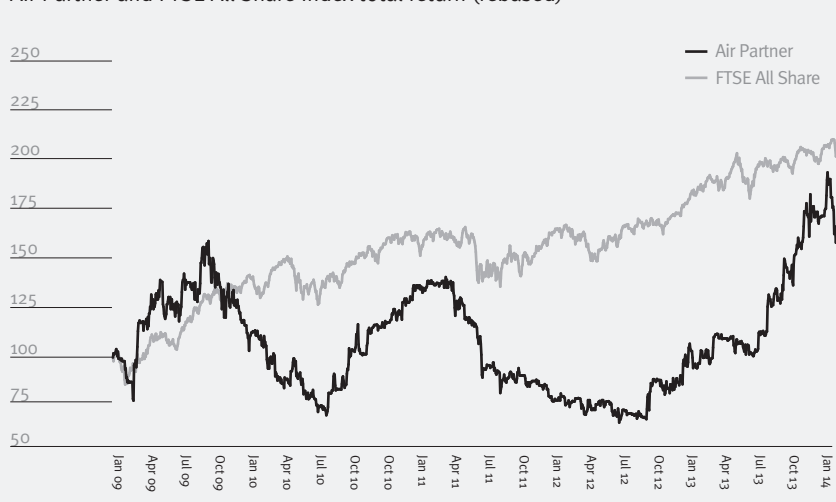
The table right shows the percentage change in remuneration of the director undertaking the role of chief executive officer and the Group's UK employees as a whole between the period ended 31 January 2014, on an annualised basis, and 31 July 2012:

Payment table of employee wages and other company metrics

	2012–2014*	2011–2012	% variance
Total employee pay compared to prior period (£m)	19,875	12,602	57.7
Profit before tax (£m)	4,156	4,139	0.4
Total dividends paid (pence)	32.75	16.5	98.5

* Eighteen month period (1 August 2012 – 31 January 2014)

Air Partner and FTSE All Share Index total return (rebased)



Year	CEO single figure of total remuneration	Annual bonus against maximum	Long term incentive vesting rates against maximum opportunity
	£	£	%
2014	656,473*	92.8	66.7
2012	249,245	16.8	—
2011	368,732	100.0	—
2010	214,565	15.0	—
2009	351,735	22.4	—

%	Salary	Benefits	Annual bonus
CEO	2.5	—	358.3
Average pay based on all of the Group's UK employees	2.5	—	447.7

* 18 month period

Directors' remuneration report

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Non-executive director remuneration

The table below sets out the fees payable to each director not performing an executive function for the financial period 1 August 2012–31 January 2014.

Non-executive directors do not participate in the annual bonus scheme or any long term incentive plans.

(Audited)	Date of joining	Basic fees £	Committee Chair fee	Board Chair fee £	2014 Total* £	2012 Total £
R L Everitt	10/10/2004	45,000	–	45,000	90,000	35,000
A G Mack	01/04/2008	45,000	–	–	45,000	30,000
C W Pollard †	06/07/2009	45,000	–	–	45,000	30,000
A R Wood	07/06/2011	45,000	15,000	–	60,000	37,917
G Chilton **	31/07/2013	15,000	2,500	–	17,500	–
A J Adams***	–	–	–	–	–	31,429
Total		195,000	17,500	45,000	257,500	164,346

* Payments made relate to the eighteen month period to 31 January 2014

** Payments made to G Chilton for the prior year were from the date of his appointment 31 July 2013

*** Payments made to A J Adams for the year up to the date of his resignation 8 February 2012

† Payments were made monthly to Mr Pollard in US dollars (total \$70,821). The total has been translated using an exchange rate of \$1.5707/£1, set in August 2012. Non-executive directors are reimbursed for legitimate business expenses incurred in the performance of their duties. Expenses reimbursed to Mr Pollard, including economy air fares to Board meetings, amounted to \$14,437 in the year to 31 January 2014 (Year to 31 July 2012: \$11,636).

Directors' beneficial interests in shares

The directors who held office during the year had the following beneficial interests in ordinary shares of 5p each in the Company, fully paid up, at the beginning and end of the year, or as shown:

(Audited)	31 January 2014	31 July 2012
M A Briffa	33,061	24,600
G Charles	–	–
R L Everitt	5,000	5,000
A G Mack	751,500	1,111,567
C W Pollard	25,000	25,000
A R Wood	10,000	10,000
G Chilton	–	–

There were no changes in the directors' beneficial interests in shares between 31 January 2014 and 9 April 2014 (being the latest practicable date prior to the publication of this report). No director has a non-beneficial interest in the shares of the Company.

Share options

Non-executive directors are not eligible to participate in the Company's share option scheme. Details of the options held by executive directors at the beginning and end of the year are as follows:

Share options (audited)

Name	Notes	Number of options						Exercise price	Earliest date of exercise	Expiry date
		31 July 2012	Granted	Exercised	Expired	Forfeited	31 July 2014			
M A Briffa	(a)	40,000	—	—	—	—	40,000	792.5p*	21 Nov 2009	21 Nov 2016
	(b)	10,000	—	—	—	—	10,000	884.0p*	24 Jan 2011	24 Jan 2018
	(c)	40,000	—	—	—	—	40,000	545.0p*	27 Nov 2011	27 Nov 2018
		50,000	—	50,000	—	—	—	338.0p	24 May 2013	24 May 2020
		25,000	—	—	—	20,000	5,000	392.5p	26 Oct 2013	26 Oct 2020
		75,000	—	—	—	—	75,000	277.5p	20 Apr 2015	20 Apr 2022
		240,000		50,000		20,000	170,000			
G Charles		40,000	—	8,000	—	32,000	—	392.5p	26 Oct 2013	26 Oct 2020
		35,000	—	—	—	—	35,000	277.5p	20 Apr 2015	20 Apr 2022
		75,000		8,000		32,000	35,000			

* option vested but not exercised

Options are generally exercisable between three and ten years from the date of grant, subject to continuing service. Exercises of options under grants (a) (b) and (c) are not subject to any additional performance criteria.

I would like to apologise for the inaccuracy in previous Annual Reports which stated that the options in question had performance conditions attached. Following a review of other share options in the business I can confirm that this was an isolated error.

During the period Mark Briffa exercised 50,000 share options granted in May 2010. These options had historically been disclosed as having performance conditions attached to them, hence, external legal advice clarified that the amendments made to the options in November 2010 to incorporate performance conditions were ineffective. Accordingly, Mark Briffa was legally able to exercise these options in full.

Long term incentive plan (LTIP) (audited)

Name	Number of LTIP						Exercise price	Earliest date of exercise	Expiry date
	31 July 2012	Granted	Exercised	Expired	Forfeited	31 July 2014			
M A Briffa	–	55,840	–	–	–	55,840	0.0p	22 Oct 2016	22 Oct 2020
	–	55,840	–	–	–	55,840			
G Charles	–	28,557	–	–	–	28,557	0.0p	22 Oct 2016	22 Oct 2020
	–	28,557	–	–	–	28,557			

Share options granted to Mr Charles on 26 October 2010 vested on 26 October 2013; options over 32,000 lapsed as was the case with options over 20,000 granted to Mr Briffa as performance criteria attached to this grant were not met in full.

The number of shares awarded under the LTIP was determined by using the closing price of an Air Partner plc share on the day preceding the date of grant (21 October) as ascertained by the Official List which was 502.5p per share.

The market price per share at 31 January 2014 was 517.5 pence (31 July 2012: 242.0 pence) and ranged between 620.00 pence and 240.00 pence during the 18 months period. The average price during the 18 months period was 378.26 pence per share.

An independent valuation of the fair value of options has been carried out. Further details are shown in note 21 to the financial statements "Share-based payments".

The Directors' Remuneration Report was approved by the Board on 9 April 2014 and is signed on its behalf by:



Grahame Chilton
Chairman of the
Remuneration Committee

Unaudited pro-forma information

for the year ended 31 January 2014

BASIS OF PREPARATION

During the period, the Group's accounting reference date was changed from 31 July to 31 January, as described in Note 2 to the financial statements. Accordingly, and to ensure greater understanding and comparability of the financial performance of the Group on a consistent basis, the following pages present 'unaudited pro-forma' financial information comprising a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, consolidated statement of financial position and consolidated statement of cash flows and selected notes comparing the financial performance for the year ended 31 January 2014 to that for the year ended 31 January 2013.

Management has selected the items for inclusion in the unaudited proforma information on a consistent basis with that presented in the Group's interim report for the 12 month period ended 31 July 2013.

Consolidated income statement (unaudited)

Year End 31 January 2014

	Note	Year ended 31 January 2014			Year ended 31 January 2013		
		Underlying* £'000	Non-trading items £'000	Total £'000	Underlying* £'000	Non-trading items £'000	Total £'000
Continuing operations							
Revenue	P2	223,977	–	223,977	209,228	–	209,228
Cost of sales		(200,158)	–	(200,158)	(188,146)	–	(188,146)
Gross profit		23,819	–	23,819	21,082	–	21,082
Administrative expenses		(19,561)	(1,420)	(20,981)	(17,787)	(211)	(17,998)
Operating profit		4,258	(1,420)	2,838	3,295	(211)	3,084
Finance income		21	–	21	40	–	40
Finance expense		(29)	–	(29)	(5)	89	84
Profit before tax		4,250	(1,420)	2,830	3,330	(122)	3,208
Taxation	P7	(1,221)	339	(882)	(1,078)	164	(914)
Profit for the period		3,029	(1,081)	1,948	2,252	42	2,294
Attributable to:							
Owners of the parent company		3,029	(1,081)	1,948	2,252	42	2,294
Earnings per share:							
Continuing operations							
Basic	P5	29.8p	(10.6)p	19.2p	21.9p	0.5p	22.4p
Diluted	P5	29.3p	(10.5)p	18.8p	21.9p	0.5p	22.4p

* Before non-trading items (see note P3)

Consolidated statement of comprehensive income (unaudited)

Year End 31 January 2014

	Year ended 31 January 2014 £'000	Year ended 31 January 2013 £'000
Profit for the period	1,948	2,294
Other comprehensive income – items that may subsequently be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(137)	77
Exchange differences on liquidation of foreign operations	–	22
Total comprehensive income for the period	1,811	2,393
Attributable to:		
Owners of the parent company	1,811	2,393

Consolidated statement of changes in equity (unaudited)

for the year ended 31 January 2014

	Share capital £'000	Share premium account £'000	Own shares £'000	Translation reserve £'000	Share Option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2012	513	4,518	—	1,139	1,212	5,991	13,373
Profit for the period	—	—	—	—	—	2,294	2,294
Exchange differences on translation of foreign operations	—	—	—	77	—	—	77
Exchange differences on liquidation of foreign operations	—	—	—	22	—	—	22
Total comprehensive income for the period	—	—	—	99	—	2,294	2,393
Share option movement for the period	—	—	—	—	118	—	118
Dividends paid	—	—	—	—	—	(1,867)	(1,867)
Closing equity as at 31 January 2013	513	4,518	—	1,238	1,330	6,418	14,017
Profit for the period	—	—	—	—	—	1,948	1,948
Exchange differences on translation of foreign operations	—	—	—	(137)	—	—	(137)
Total comprehensive income for period	—	—	—	(137)	—	1,948	1,811
Share option movement for the period	—	—	—	—	100	—	100
Deferred tax on shared-based payment transaction	—	—	—	—	—	68	68
Own shares acquired in the period	—	—	(2,000)	—	—	—	(2,000)
Share options exercised during the period	—	—	846	—	—	(271)	575
Dividends paid	—	—	—	—	—	(2,058)	(2,058)
Closing equity as at 31 January 2014	513	4,518	(1,154)	1,101	1,430	6,105	12,513

Consolidated statement of financial position (unaudited)

as at 31 January 2014

	Note	31 January 2014 £'000	31 January 2013 £'000
Assets			
Non-current assets			
Goodwill	P8	918	956
Other intangible assets	P9	396	601
Property, plant and equipment	P10	697	792
Deferred tax assets		247	557
		2,258	2,906
Current assets			
Trade and other receivables		20,812	33,855
Current tax assets		665	455
Cash and cash equivalents		18,419	17,252
Asset held for sale	P11	–	697
Derivative financial instruments		–	19
		39,896	52,278
Total assets		42,154	55,184
Current liabilities			
Trade and other payables		(5,746)	(11,720)
Current tax liabilities		(128)	(55)
Other liabilities		(22,987)	(28,720)
Provisions		(734)	(672)
Derivative financial instruments		(46)	–
		(29,641)	(41,167)
Net current assets		10,255	11,111
Total liabilities		(29,641)	(41,167)
Net assets		12,513	14,017
Equity			
Share capital		513	513
Share premium account		4,518	4,518
Own shares		(1,154)	–
Translation reserve		1,101	1,238
Share option reserve		1,430	1,330
Retained earnings		6,105	6,418
Total equity		12,513	14,017

Consolidated statement of cash flows (unaudited)

for the twelve months ended 31 January 2014

		Year ended 31 January 2014	Year ended 31 January 2013
	Note	£'000	£'000
Cash flows from operating activities			
Continuing operations	P6	4,874	5,254
Net cash inflow from operating activities		4,874	5,254
Investing activities			
Continuing operations			
– Interest received		21	40
– Purchases of property, plant and equipment		(72)	(177)
– Purchases of intangible assets		(597)	(572)
– Purchases in respect of asset held for sale		(10)	–
– Proceeds on disposal of property, plant and equipment		8	–
– Proceeds on disposal of asset held for sale		815	–
Net cash generated by/(used in) investing activities		165	(709)
Financing activities			
Continuing operations			
– Dividends paid	P4	(2,058)	(1,867)
– Proceeds on exercise of share options		575	–
– Purchase of own shares		(2,000)	–
Net cash used in financing activities		(3,483)	(1,867)
Net increase in cash and cash equivalents		1,556	2,678
Opening cash and cash equivalents		17,252	14,337
Effect of foreign exchange rate changes		(389)	237
Closing cash and cash equivalents		18,419	17,252

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' (being unrestricted cash received by the Group in respect of its JetCard product) and 'non-JetCard cash' as follows:

	31 January 2014	Group 31 January 2013
	£'000	£'000
JetCard cash	8,752	8,624
Non-JetCard cash	9,667	8,628
Cash and cash equivalents	18,419	17,252

P1 Basis of preparation

As a result of the change of accounting reference date to 31 January, as described in Note 2 to the financial statements, the following pages present 'unaudited pro-forma' financial information comprising a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, consolidated statement of financial position and consolidated statement of cash flows and selected notes comparing the financial performance for the year ended 31 January 2014 to that for the year ended 31 January 2013.

P2 Segmental analysis

The services provided by the Group consist of hiring different types of aircraft for charter to its customers and related aviation services. The Board reviews the performance of the services that are provided by the Group on the following basis: Commercial Jet Broking, Private Jet Broking, Freight Broking and Support Services (which includes fuel, emergency planning and travel services). Each of these components has been identified as an operating segment.

Sale transactions between operating segments are carried out on an arm's length basis and all revenues, results, assets and liabilities which are reviewed by the Board are prepared on a basis consistent with those that are reported in the financial statements.

The Board does not review assets and liabilities at a segmental level, therefore these items are not disclosed.

The segmental information, as provided to the Board for the reportable segments on a monthly basis, is as follows:

Year ended 31 January 2014 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Support Services £'000	Total £'000
Total revenues	150,776	55,965	11,979	7,840	226,560
Revenues from transactions with other operating segments	(2,100)	(87)	(252)	(144)	(2,583)
Revenues from external customers	148,676	55,878	11,727	7,696	223,977
Depreciation and amortisation	(102)	(66)	(9)	(8)	(185)
Finance income and expense	(3)	(3)	(1)	(1)	(8)
Underlying profit before tax	2,331	1,509	207	203	4,250
Non-trading items (see note P3)	(777)	(494)	(69)	(80)	(1,420)
Profit before tax	1,554	1,015	138	123	2,830

Year ended 31 January 2013 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Support Services £'000	Total £'000
Total revenues	131,833	46,449	16,498	15,652	210,432
Revenues from transactions with other operating segments	(1,099)	(96)	(624)	615	(1,204)
Revenues from external customers	130,734	46,353	15,874	16,267	209,228
Depreciation and amortisation	(133)	(91)	(17)	(24)	(265)
Finance income and expense	62	39	12	11	124
Underlying profit before tax	1,684	1,110	238	298	3,330
Non-trading items (see note P3)	(84)	6	(42)	(2)	(122)
Profit before tax	1,600	1,116	196	296	3,208

The Company is domiciled in the UK but, due to the nature of the Group's operations, a significant amount of revenue from external customers is derived from overseas countries. The Group reviews revenue based upon the location of the assets used to generate those revenues. Apart from the UK, no single country is deemed to have material revenue and non-current asset levels, other than goodwill in relation to the French operations.

The Board also reviews information on a geographical basis based on the parts of the world which are considered to be key to operational activities. As a result, the following additional information is provided showing a geographical split of the United Kingdom, Europe, the United States of America and the Rest of the World:

	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	Total £'000
Year ended 31 January 2014 (Unaudited)					
Revenues from external customers	103,931	83,230	34,045	2,771	223,977
Non-current assets (excluding deferred tax assets)	968	736	280	27	2,011
Year ended 31 January 2013 (Unaudited)					
Revenues from external customers	103,157	80,883	20,839	4,349	209,228
Non-current assets (excluding deferred tax assets)	1,158	908	234	49	2,349

P3 Non-trading items

	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2013 (Unaudited) £'000
Continuing operations		
US Federal Excise Tax	–	532
Impairment of aircraft	–	(335)
Impairment of intangible assets	(774)	–
Restructuring costs	(646)	(319)
Non-trading items before taxation	(1,420)	(122)
Tax effect of non-trading items	339	164
Non-trading items after taxation	(1,081)	42

At the commencement of the prior period, a provision of £1,000,000 was held in relation to unpaid Federal Excise Tax due on certain flights contracted by the Company outside the US but involving a US destination. During the prior year, the Company and its US tax advisors concluded discussions with the relevant authorities, resulting in payments totalling £468,000 including interest for late payment and professional fees. The remaining provision of £532,000 was written back to the income statement, resulting in a gain of £443,000 within administrative expenses and a gain of £89,000 within finance expense.

In the prior period the carrying value of the Group's sole owned aircraft was written down by £335,000 to its fair value less costs to sell of £690,000 based on a third party valuation. The aircraft was disposed of during the twelve month period ended 31 July 2013. See note P11 for further details.

The reorganisation of the Group to report on a product-led basis has resulted in restructuring costs of £646,000 in the current period. In the prior period, the Group's cost reduction restructuring exercise resulted in costs of £319,000. These costs in both the current and prior periods comprised redundancy payments, external legal advice and outplacement costs. These costs were included within administrative expenses.

In the current period, management conducted a review of ongoing intangible asset related projects and identified that an impairment was required to write down the assets to their recoverable amount, totalling £774,000. For details see note Pg.

**Notes to the unaudited
pro-forma information**
for the year ended 31 January 2014
continued

P4 Dividends

	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2013 (Unaudited) £'000
Amounts recognised as distributions to owners of the parent company in the period		
First interim dividend for the eighteen month period ended 31 January 2014 of 6.05 pence (interim dividend for the year ended 2012: 5.5 pence) per share	621	564
Second interim dividend for the eighteen month period ended 31 January 2014 of 14.0 pence (2013: final dividend for year ended 31 July 2012 of 12.7 pence) per share	1,437	1,303
	2,058	1,867

P5 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2013 (Unaudited) £'000
Continuing operations		
Earnings for the calculation of basic and diluted earnings per share		
Profit attributable to owners of the parent company	1,948	2,294
Non-trading items	1,081	(42)
Underlying profit	3,029	2,252
Number of shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,169,490	10,261,393
Effect of dilutive potential ordinary shares: share options	155,875	—
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,325,365	10,261,393

The calculation of underlying earnings per share (before non-trading items) is included as the directors believe it provides a better understanding of the underlying performance of the Group. Non-trading items are disclosed in note P3.

P6 Net cash inflow from operating activities

	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2013 (Unaudited) £'000
Continuing operations		
Profit for the period	1,948	2,294
Adjustments for:		
Finance income	(21)	(40)
Finance expense	29	(84)
Income tax expense	882	914
Depreciation and amortisation	185	265
Impairment of intangible assets	774	–
Impairment of asset held for sale	–	335
Loss on disposal of property, plant and equipment	4	–
Profit on disposal of asset held for sale	(82)	–
Fair value losses/(gains) on derivative financial instruments	65	(46)
Share option cost for period	100	118
Increase/(decrease) in provisions	62	(669)
Foreign exchange differences	174	(120)
Operating cash flows before movements in working capital	4,120	2,967
Decrease/(increase) in receivables	12,519	(10,998)
(Decrease)/increase in payables	(11,086)	15,019
Cash generated from operations	5,553	6,988
Income taxes paid	(650)	(1,729)
Interest paid	(29)	(5)
Net cash inflow from operating activities	4,874	5,254

P7 Taxation

	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2013 (Unaudited) £'000
Continuing operations		
Current tax:		
UK corporation tax	503	645
Foreign tax	158	389
Amounts under-provided in previous years	(148)	30
	513	1,064
Deferred tax	369	(150)
Total tax	882	914
Of which:		
Tax on underlying profit	1,221	1,078
Tax on non-trading items (see note P3)	(339)	(164)
	882	914

**Notes to the unaudited
pro-forma information**
for the year ended 31 January 2014
continued

P8 Goodwill

	Goodwill £'000
Cost	
At 1 February 2012	925
Foreign currency adjustments	31
At 31 January 2013	956
Foreign currency adjustments	(38)
At 31 January 2014	918
Provision for impairment	
At 1 February 2012, 31 January 2013 and 31 January 2014	–
Net book value	
At 31 January 2014	918
At 31 January 2013	956
At 1 February 2012	925

For further details regarding goodwill, please refer to note 11 to the financial statements.

P9 Other intangible assets

	Software £'000
Cost	
At 1 February 2012	49
Additions	572
Foreign currency adjustments	–
At 31 January 2013	621
Additions	597
Foreign currency adjustments	(1)
At 31 January 2014	1,217
Amortisation	
At 1 February 2012	4
Charge for the period	15
Foreign currency adjustments	1
At 31 January 2013	20
Charge for the period	27
Impairment loss	774
Foreign currency adjustments	–
At 31 January 2014	821
Net book value	
At 31 January 2014	396
At 31 January 2013	601
At 1 February 2012	45

There were no commitments at the period end to purchase any intangible assets.

P10 Property, plant and equipment

	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 February 2012	822	1,706	42	2,570
Additions	1	28	—	29
Foreign currency adjustments	5	18	2	25
At 31 January 2013	828	1,752	44	2,624
Additions	8	72	—	80
Foreign currency adjustments	(5)	(30)	(2)	(37)
Disposals	(8)	(8)	(38)	(54)
At 31 January 2014	823	1,786	4	2,613
Depreciation				
At 1 February 2012	147	1,393	20	1,560
Charge for the period	85	159	6	250
Foreign currency adjustments	5	15	2	22
Disposals	—	—	—	—
At 31 January 2013	237	1,567	28	1,832
Charge for the period	55	99	4	158
Foreign currency adjustments	(5)	(25)	(2)	(32)
Disposals	(6)	(7)	(29)	(42)
At 31 January 2014	281	1,634	1	1,916
Net book value				
At 31 January 2014	542	152	3	697
At 31 January 2013	591	185	16	792
At 1 February 2012	675	313	22	1,010

There were no commitments at the period end to purchase any items of property, plant or equipment.

P11 Asset held for sale

	Aircraft £'000 (Unaudited)
At 1 February 2012	1,033
Impairment	(335)
Foreign currency adjustments	(1)
At 31 January 2013	697
Additions	10
Foreign currency adjustments	26
Disposal	(733)
At 31 January 2014	—

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale and accordingly, the aircraft was reclassified as an asset held for sale. The aircraft was subsequently disposed of during the year ended 31 January 2014 for a consideration of US\$1,230,000 (£815,000).

**Notes to the unaudited
pro-forma information**
for the year ended 31 January 2014
continued

P12 Contingent liabilities

At 31 January 2014, the Group had a charge over cash of £376,000 (31 January 2013: £240,000) in respect of a passenger sales agency agreement. Additionally, at 31 January 2014 the Group had a bank guarantee for £17,000 (31 January 2013: £17,000) lodged in regard to certain employee rights in Dubai.

P13 Provisions

	31 January 2014 (Unaudited) £'000	31 January 2013 (Unaudited) £'000
Administration claims	465	474
Restructuring	269	198
	734	672

At 31 January 2014, a provision of £465,000 (31 July 2012: £474,000) was held in relation to the potential costs of settlement of claims which have been received from third parties following the closure of Air Partner Private Jets Limited. All remaining claims within this provision are expected to be settled by 31 March 2016.

During the prior financial year, the Group completed a cost reduction restructuring exercise. This resulted in a provision of £198,000 for employees who left the Group after the year end. Of this amount, £139,000, net of foreign exchange differences, was utilised during the current financial period and the remaining £59,000 will still be required. Additionally, and as a result of the change to a product-led reporting structure, during the current financial period further redundancies were identified and communicated to the relevant employees, resulting in a further provision of £210,000 being required.

Independent auditor's report to the members of Air Partner plc

We have audited the financial statements of Air Partner plc for the period ended 31 January 2014 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Company Statement of Financial Position, Consolidated and Company Statement of Cash Flows and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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 Group's and the parent 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 to identify material inconsistencies with the audited financial statements. 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 Group's and of the parent Company's affairs as at 31 January 2014 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

**Independent auditor's report
to the members of Air Partner plc**
continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 20, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Robert Knight (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

9 April 2014

Consolidated income statement

for the period ended 31 January 2014

		18 months ended 31 January 2014			Year ended 31 July 2012		
		Underlying* £'000	Non-trading items £'000	Total £'000	Underlying* £'000	Non-trading items £'000	Total £'000
Continuing operations	Note						
Revenue	3	326,125	–	326,125	227,556	–	227,556
Cost of sales		(291,823)	–	(291,823)	(205,792)	–	(205,792)
Gross profit		34,302	–	34,302	21,764	–	21,764
Administrative expenses		(28,731)	(1,420)	(30,151)	(18,573)	818	(17,755)
Operating profit	4	5,571	(1,420)	4,151	3,191	818	4,009
Finance income	7	37	–	37	51	–	51
Finance expense	7	(32)	–	(32)	(10)	89	79
Profit before tax		5,576	(1,420)	4,156	3,232	907	4,139
Taxation	8	(1,729)	339	(1,390)	(1,049)	(100)	(1,149)
Profit for the period		3,847	(1,081)	2,766	2,183	807	2,990
Attributable to:							
Owners of the parent company		3,847	(1,081)	2,766	2,183	807	2,990
Earnings per share:							
Continuing operations							
Basic	10	37.7p	(10.6)p	27.1p	21.3p	7.8p	29.1p
Diluted	10	37.3p	(10.5)p	26.8p	21.3p	7.8p	29.1p

* Before non-trading items (see note 5)

Consolidated statement of comprehensive income

for the period ended 31 January 2014

	18 months ended 31 January 2014 £'000	Year ended July 2012 £'000
Profit for the period	2,766	2,990
Other comprehensive income – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	138	(152)
Exchange differences on liquidation of foreign operations	22	–
Total comprehensive income for the period	2,926	2,838
Attributable to:		
Owners of the parent company	2,926	2,838

Consolidated statement of financial position
as at 31 January 2014

		31 January 2014 £'000	31 July 2012 £'000
Assets			
Non-current assets			
Goodwill	11	918	871
Other intangible assets	12	396	287
Property, plant and equipment	13	697	890
Deferred tax assets	22	247	469
		2,258	2,517
Current assets			
Trade and other receivables	16	20,812	30,544
Current tax assets		665	212
Cash and cash equivalents		18,419	15,716
Asset held for sale	14	–	690
		39,896	47,162
Total assets		42,154	49,679
Current liabilities			
Trade and other payables	17	(5,746)	(8,247)
Current tax liabilities		(128)	(367)
Other liabilities	18	(22,987)	(26,138)
Provisions	19	(734)	(724)
Derivative financial instruments	20	(46)	(90)
		(29,641)	(35,566)
Net current assets		10,255	11,596
Total liabilities		(29,641)	(35,566)
Net assets		12,513	14,113
Equity			
Share capital	24	513	513
Share premium account		4,518	4,518
Own shares	25	(1,154)	–
Translation reserve		1,101	941
Share option reserve		1,430	1,238
Retained earnings		6,105	6,903
Total equity		12,513	14,113

These financial statements were approved and authorised for issue by the Board on 9 April 2014 and were signed on its behalf by:



M A Briffa
Director



G Charles
Director

Consolidated statement of changes in equity

for the period ended 31 January 2014

	Share capital £'000	Share premium account £'000	Own shares £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2011	513	4,518	—	1,093	1,087	5,606	12,817
Profit for the period	—	—	—	—	—	2,990	2,990
Exchange differences on translation of foreign operations	—	—	—	(152)	—	—	(152)
Total comprehensive income for the period	—	—	—	(152)	—	2,990	2,838
Share option movement for the period	—	—	—	—	151	—	151
Dividends paid	—	—	—	—	—	(1,693)	(1,693)
Closing equity as at 31 July 2012	513	4,518	—	941	1,238	6,903	14,113
Opening equity as at 1 August 2012	513	4,518	—	941	1,238	6,903	14,113
Profit for the period	—	—	—	—	—	2,766	2,766
Exchange differences on translation of foreign operations	—	—	—	138	—	—	138
Exchange differences on liquidation of foreign operations	—	—	—	22	—	—	22
Total comprehensive income for the period	—	—	—	160	—	2,766	2,926
Share option movement for the period	—	—	—	—	192	—	192
Deferred tax on share-based payment transactions	—	—	—	—	—	68	68
Own shares acquired in the period	—	—	(2,000)	—	—	—	(2,000)
Share options exercised during the period	—	—	846	—	—	(271)	575
Dividends paid	—	—	—	—	—	(3,361)	(3,361)
Closing equity as at 31 January 2014	513	4,518	(1,154)	1,101	1,430	6,105	12,513

Company statement of changes in equity

for the period ended 31 January 2014

Company	Share capital £'000	Share premium account £'000	Own shares £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 August 2011	513	4,518	–	1,087	3,337	9,455
Profit for the period	–	–	–	–	3,580	3,580
Total comprehensive income for the period	–	–	–	–	3,580	3,580
Share option movement for the period	–	–	–	151	–	151
Dividends paid	–	–	–	–	(1,693)	(1,693)
Closing equity as at 31 July 2012	513	4,518	–	1,238	5,224	11,493
Opening equity as at 1 August 2012	513	4,518	–	1,238	5,224	11,493
Profit for the period	–	–	–	–	3,729	3,729
Total comprehensive income for the period	–	–	–	–	3,729	3,729
Share option movement for the period	–	–	–	192	–	192
Share option movement for the period	–	–	–	–	68	68
Own shares acquired in the period	–	–	(2,000)	–	–	(2,000)
Share options exercised during the period	–	–	846	–	(271)	575
Dividends paid	–	–	–	–	(3,361)	(3,361)
Closing equity as at 31 January 2014	513	4,518	(1,154)	1,430	5,389	10,696

Own shares

The own shares reserve represents the cost of shares in Air Partner PLC purchased in the market and held by The Air Partner Employee Benefit Trust to satisfy options under the Group's share option schemes (see note 25).

Translation reserve

The translation reserve represents the accumulated exchange differences arising from the impact of the translation of subsidiaries with a functional currency other than pounds Sterling.

Share option reserve

The share option reserve relates to the accumulated costs associated with the outstanding share options issued to staff but not exercised.

Company statement of financial position

as at 31 January 2014

		2014 £'000	2012 £'000
Assets			
Non-current assets			
Intangible assets	12	392	277
Property, plant and equipment	13	576	749
Investments	15	1,844	1,769
Deferred tax assets	22	149	30
		2,961	2,825
Current assets			
Trade and other receivables	16	12,592	17,946
Cash and cash equivalents		10,899	7,459
		23,491	25,405
Total assets		26,452	28,230
Current liabilities			
Trade and other payables	17	(2,853)	(2,660)
Current tax liabilities		(176)	(284)
Other liabilities	18	(12,006)	(13,193)
Provisions	19	(675)	(510)
Derivative financial instruments	20	(46)	(90)
		(15,756)	(16,737)
Net current assets		7,735	8,668
Total liabilities		(15,756)	(16,737)
Net assets		10,696	11,493
Equity			
Share capital	24	513	513
Share premium account		4,518	4,518
Own shares	25	(1,154)	–
Share option reserve		1,430	1,238
Retained earnings		5,389	5,224
Total equity		10,696	11,493

These financial statements were approved and authorised for issue by the Board on 9 April 2014 and were signed on its behalf by:



M A Briffa
Director



G Charles
Director

Air Partner plc
Registered No. 00980675

Consolidated and company statement of cash flows

for the period ended 31 January 2014

	Note	Group		Company	
		18 month period ended 31 January 2014	Year ended 31 July 2012	18 month period ended 31 January 2014	Year ended 31 July 2012
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Continuing operations	26	7,245	10,871	7,274	5,536
Discontinued operations		–	664	–	664
Net cash inflow from operating activities		7,245	11,535	7,274	6,200
Investing activities					
Continuing operations					
– Interest received		37	51	36	36
– Dividends received from subsidiaries		–	–	1,632	1,765
– Purchases of property, plant and equipment		(87)	(230)	(5)	(56)
– Purchases of intangible assets		(920)	(298)	(920)	(284)
– Purchases in respect of asset held for sale		(10)	–	–	–
– Proceeds on disposal of property, plant and equipment		8	–	–	–
– Proceeds on disposal of asset held for sale		815	–	–	–
Net cash (used in)/generated by investing activities		(157)	(477)	743	1,461
Financial activities					
Continuing operations					
– Dividends paid		(3,361)	(1,693)	(3,361)	(1,693)
– Proceeds on exercise of share options		575	–	575	–
– Purchase of own shares		(2,000)	–	(2,000)	–
Net cash used in financing activities		(4,786)	(1,693)	(4,786)	(1,693)
Net increase in cash and cash equivalents		2,302	9,365	3,231	5,968
Opening cash and cash equivalents		15,716	7,151	7,459	1,864
Effect of foreign exchange rate changes		401	(800)	209	(373)
Closing cash and cash equivalents		18,419	15,716	10,899	7,459

Discontinued operations

During the year ended 31 July 2012, the Group and Company received £664,000 of dividends from the administrators of Air Partner Private Jets Limited.

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' (being unrestricted cash received by the Group and Company in respect of its JetCard product) and 'non-JetCard cash' as follows:

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
JetCard cash	8,752	7,611	7,242	6,485
Non-JetCard cash	9,667	8,105	3,657	974
Cash and cash equivalents	18,419	15,716	10,899	7,459

1 General information

Air Partner plc (“the Group”, “the Company”) is a company incorporated and domiciled in England and Wales under registration number 00980675. The address of the registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA. The nature of the Group’s operations and its principal activities are set out in the Chief Executive’s review on pages 8 to 11.

2 Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand. They are prepared on the historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value.

The accounting policies adopted are consistent with those of the previous financial year, except as described in the following sections.

Change of accounting reference date

On 26 July 2013 the Group announced it was changing its accounting reference date from 31 July to 31 January. Accordingly, these financial statements have been prepared for the 18 month period ended 31 January 2014. This decision will bring the busier part of the year, where most of the profit is generated, into the first six months of the Group’s financial year. This will enable better investment planning internally and will give shareholders greater visibility, at an earlier stage, of the likely full year result.

Adoption of new and revised standards

No new or revised standards or interpretations have been adopted in the current financial period.

New standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the current accounting period, and have not been early adopted by the Group:

- Annual Improvements 2009-2011 cycle; effective for periods beginning on or after 1 January 2013;
- IAS 19 Employee Benefits (2011); effective for periods beginning on or after 1 January 2013;
- IAS 27 Separate Financial Statements (2011); effective for periods beginning on or after 1 January 2013;
- IAS 28 Investments in Associates and Joint Ventures (2011); effective for periods beginning on or after 1 January 2013;
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32); effective for periods beginning on or after 1 January 2014;
- Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7); effective for periods beginning on or after 1 January 2013;
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36); effective for periods beginning on or after 1 January 2014;
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39); effective retrospectively for periods beginning on or after 1 January 2014;
- Government Loans (Amendments to IFRS 1); effective for periods beginning on or after 1 January 2013;
- IFRS 9 Financial Instruments (2009) and IFRS 9 Financial Instruments (2010); effective for periods beginning on or after 1 January 2015;
- IFRS 10 Consolidated Financial Statements; effective for periods beginning on or after 1 January 2013;
- IFRS 11 Joint Arrangements; effective for periods beginning on or after 1 January 2013;

Notes to the financial statements

for the period ended 31 January 2014

continued

- IFRS 12 Disclosure of Interests in Other Entities; effective for periods beginning on or after 1 January 2013;
- IFRS 13 Fair Value Measurement; effective for periods beginning on or after 1 January 2013;
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance; effective for periods beginning on or after 1 January 2013;
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27); effective for periods beginning on or after 1 January 2014;
- IFRIC 21 Levies; effective for periods beginning on or after 1 January 2014.

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the directors, will have a material effect on the reported income or net assets of the Group or the Company.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company (including its branch in Dubai) and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Key accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if these are also affected.

Impairment of intangible assets

In the current period, management conducted a review of ongoing intangible asset related projects and identified that an impairment of £774,000 was required to write down the assets to their recoverable amount. Please refer to the Chief Executive's Review on page 10 for further details about the impairment.

Third party claims

An assessment has been made of the potential costs of settlement of third party claims received following the closure of Air Partner Private Jets Limited, based on discussions with advisors and the outcomes of similar legal cases. There is no guarantee that such claims will be successful, nor that the full amount of the provision will be required. See note 5 for further details.

Accruals related to air charter contracts

When revenues and costs for air charter contracts are initially recognised, estimates may need to be made in order to accrue items of income and expenditure that have not been invoiced. These estimates may not reflect the ultimate outcome. During the year ended 31 July 2012, an extensive review of historical accruals related to air charter contracts was performed and as a result a number of accruals were reversed. See note 5 for further details.

d) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review on pages 8 to 11. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review on page 12. In addition, note 20 to the financial statements includes the Group's objectives, policies and processes for managing its capital risk; details of its financial instruments and hedging activities; and its exposures to interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Company has considerable cash resources and no debt. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

f) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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g) Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortisation and any impairment losses.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives, as follows:

Software	–	10–20% per annum on a straight-line basis
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h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives, as follows:

Short leasehold property	–	over the life of the lease on a straight-line basis
Leasehold improvements	–	over the life of the lease on a straight-line basis
Fixtures and equipment	–	10–33% per annum on a straight-line basis
Motor vehicles	–	25% per annum on a reducing balance basis

i) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

j) Assets in disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

k) Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets held at fair value through profit or loss which are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial assets at fair value through profit or loss comprise derivative financial instruments.

Derivative financial instruments

The Group enters into derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to foreign exchange rate risk. Derivatives not designated into an effective hedge relationship are classified as a financial asset or a financial liability. The Group has not designated any derivatives as hedging items and therefore does not apply hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months at the end of the reporting period. These are classified as non-current assets. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The Group's loans and receivables comprise 'trade receivables', 'other receivables', 'accrued income' and 'cash and cash equivalents' in the balance sheet.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables

Other receivables are other amounts contractually due from third parties, for example deposits receivable for leased assets.

Accrued income

Accrued income is revenue that has been contracted and recognised in accordance with the Group's accounting policies, but not yet invoiced.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

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Financial liabilities

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss, and at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial liabilities at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial liabilities at fair value through profit or loss comprise derivative financial instruments.

Financial liabilities at amortised cost

The Group's financial liabilities at amortised cost comprise 'trade payables', 'other payables' and 'accrued costs'. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables

Other payables that are financial liabilities at amortised cost are certain customer deposits which are contractually refundable to customers on demand.

Accrued costs

Accrued costs are costs that have been contracted and recognised in accordance with the Group's accounting policies, but for which invoices have not yet been received or payments made, as applicable.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity instruments issued by the Group

An equity instrument is a contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the balance sheet.

1) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

m) Revenue

Revenue is measured as the fair value of the consideration received for the provision of goods and services to third-party customers and is stated exclusive of Value Added Tax. In respect of the Group's principal activities (being that of air charter brokers and providers of travel agency services), the full contract value is realised as revenue when the economic benefits are deemed to have passed to the customer, which is generally the flight date. Amounts invoiced to customers in respect of future flights, including amounts related to the JetCard product, are deferred at the balance sheet date and only recognized in income once the flight has taken place.

n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for resource allocation and assessing performance of the operating segments, is considered to be the Board. The nature of the operating segments is set out in note 3.

o) Share-based payments

The Group will from time to time grant options to employees to subscribe for ordinary shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which employees become unconditionally entitled to the options, based on management's estimate of the number of options which will ultimately vest, adjusting at each reporting date for the effect of non market-based vesting conditions.

p) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense in the period in which the employees render service. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

q) Taxation

The tax expense represents current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the reporting date.

r) Non-trading items

Non-trading items are those items that in the directors' view are required to be separately disclosed by virtue of their size or incidence to assist in understanding the Group's performance.

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s) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer all, or substantially all, of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income or expenditure from operating leases is recognised on a straight-line basis over the lease term.

t) Dividends

Final dividends on ordinary shares are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised as a liability in the period in which they are paid.

3 Segmental analysis

The services provided by the Group consist of hiring different types of aircraft for charter to its customers and related aviation services. The Board reviews the performance of the services that are provided by the Group on the following basis: Commercial Jet Broking, Private Jet Broking, Freight Broking and Other Services (which includes operations and travel services). Each of these components has been identified as an operating segment.

Sale transactions between operating segments are carried out on an arm's length basis and all revenues, results, assets and liabilities which are reviewed by the Board are prepared on a basis consistent with those that are reported in the financial statements.

The Board does not review assets and liabilities at a segmental level, therefore these items are not disclosed.

The segmental information, as provided to the Board for the reportable segments on a monthly basis, is as follows:

2014	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Other Services £'000	Total £'000
Continuing operations					
Total revenues	216,044	78,699	19,970	14,634	329,347
Revenues from transactions with other operating segments	(2,508)	(162)	(324)	(228)	(3,222)
Revenues from external customers	213,536	78,537	19,646	14,406	326,125
Depreciation and amortisation	(169)	(107)	(15)	(17)	(308)
Finance income and expense	3	2	—	—	5
Underlying profit before tax	3,050	1,940	272	314	5,576
Non-trading items (see note 5)	(777)	(494)	(69)	(80)	(1,420)
Profit before tax	2,273	1,446	203	234	4,156
2012	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Other Services £'000	Total £'000
Continuing operations					
Total revenues	139,675	44,033	26,972	19,166	229,846
Revenues from transactions with other operating segments	(773)	(64)	(1,078)	(375)	(2,290)
Revenues from external customers	138,902	43,969	25,894	18,791	227,556
Depreciation and amortisation	(138)	(88)	(29)	(25)	(280)
Finance income and expense	64	40	14	12	130
Underlying profit before tax	1,597	1,011	337	287	3,232
Non-trading items (see note 5)	447	284	95	81	907
Profit before tax	2,044	1,295	432	368	4,139

The Company is domiciled in the UK but, due to the nature of the Group's operations, a significant amount of revenue from external customers is derived from overseas countries. The Group reviews revenue based upon the location of the assets used to generate those revenues. Apart from the UK, no single country is deemed to have material non-current asset levels, other than goodwill in relation to the French operation.

The Board also reviews information on a geographical basis based on the parts of the world which are considered to be key to operational activities. As a result the following additional information is provided showing a geographical split of the United Kingdom, Europe, the United States of America and the Rest of the World:

	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	Total £'000
2014					
Revenues from external customers	156,869	119,388	45,446	4,422	326,125
Non-current assets (excluding deferred tax assets)	968	736	280	27	2,011
2012					
Revenues from external customers	110,089	94,446	18,064	4,957	227,556
Non-current assets (excluding deferred tax assets)	990	850	163	45	2,048

For the current period, the Group did not have any customers who accounted for more than 10% of the Group's external revenue during the year (2012: one customer with revenue of £38,039,000). In respect of the year ended 31 July 2012, this customer is based in the United Kingdom and operates in each business segment.

4 Operating profit

Operating profit for the year has been arrived at after charging / (crediting) the following:

	2014 £'000	2012 £'000
Net foreign exchange loss/(gain)	43	(588)
Change in the fair value of derivative financial instruments	(44)	46
Depreciation of property, plant and equipment	271	271
Impairment of aircraft	–	335
Amortisation of intangible fixed assets	37	9
Impairment of intangible assets	774	–
Profit on disposal of asset held for resale	(82)	–
Loss on disposal of property, plant and equipment	4	–
Operating lease rentals – land and buildings	561	603
Operating lease rentals – other	71	88
Staff costs (see note 6)	19,775	12,602

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Fees payable to the principal auditor and its network firms for audit and other services are disclosed below.

	2014 £'000	2012 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	102	53
Fees payable to the Company's auditor and its associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside Great Britain)	13	14
Total audit fees	115	67

	2014 £'000	2012 £'000
Fees payable to the Company's auditor and its associates for other services to the Group:		
Tax services	12	126
Other services	49	60
Total non-audit fees	61	186

5 Non-trading items

	2014 £'000	2012 £'000
Continuing operations		
Write-back of historical accruals and other credit balances	–	1,029
US Federal Excise Tax credited	–	532
Impairment of aircraft	–	(335)
Impairment of intangible assets	(774)	–
Restructuring costs	(646)	(319)
Non-trading items before taxation	(1,420)	907
Tax effect of non-trading items	339	(100)
Non-trading items after taxation	(1,081)	807

At the commencement of the prior year, the Group wrote back £1,029,000 of credit balances from the balance sheet, resulting in a gain within administrative expenses in the income statement. These balances were estimates of invoices and credit notes for revenues and costs related to air charter contracts. Following an extensive review, the Group concluded that these balances should no longer be retained.

At the commencement of the prior year, a provision of £1,000,000 was held in relation to unpaid Federal Excise Tax due on certain flights contracted by the Company outside the US but involving a US destination. During the prior year, the Company and its US tax advisors concluded discussions with the relevant authorities, resulting in payments totalling £468,000 including interest for late payment and professional fees. The remaining provision of £532,000 was written back to the income statement, resulting in a gain of £443,000 within administrative expenses and a gain of £89,000 within finance expense.

In the prior year, the carrying value of the Group's sole owned aircraft was written down by £335,000 to its fair value less costs to sell of £690,000 based on a third party valuation. The aircraft was disposed of during the current financial period; see note 14 for further details.

The reorganisation of the Group to report on a product-led basis has resulted in restructuring costs of £646,000 in the current period. In the prior period, the Group's cost reduction restructuring exercise resulted in costs of £319,000. These costs in both the current and prior periods comprised redundancy payments, external legal advice and outplacement costs. These costs were included within administrative expenses.

In the current period, management conducted a review of ongoing intangible asset related projects and identified that an impairment of £774,000 was required to write down the assets to their recoverable amount.

6 Directors and employees

The average number of people employed by the Group (including directors) during the year, analysed by category was as follows:

Continuing operations	2014 Number	2012 Number
Operations	124	156
Administration	72	59
	196	215

The aggregate payroll costs comprised:

Continuing operations	2014 £'000	2012 £'000
Wages and salaries	16,104	10,201
Social security costs	2,865	1,863
Pension costs	614	387
Share-based payments	192	151
	19,775	12,602

The Group contributes to personal pension plans of certain employees and this cost is charged to the income statement in the year in which it is incurred.

Full disclosure of directors' emoluments, share options and directors' pension entitlements which form part of their remuneration packages, and their interests in the Company's share capital are disclosed in the Directors' Remuneration Report.

7 Finance income and expense

Continuing operations	2014 £'000	2012 £'000
Finance income		
Interest on bank deposits	37	51

Continuing operations	2014 £'000	2012 £'000
Finance expense		
Interest on bank overdrafts	10	10
Unwinding of discount on provisions	22	—
Interest credited on unpaid Federal Excise Tax (see note 5)	—	(89)
	32	(79)

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8 Taxation

	2014 £'000	2012 £'000
Continuing operations		
Current tax:		
UK corporation tax	771	823
Foreign tax	446	357
Amounts (overprovided)/underprovided in previous years	(108)	18
	1,109	1,198
Deferred tax (see note 22)	281	(49)
Total tax	1,390	1,149
Of which:		
Tax on underlying profit	1,729	1,049
Tax on non-trading items (see note 5)	(339)	100
	1,390	1,149

Corporation tax in the UK was calculated at 23.4% (2012: 25.33%) of the estimated assessable profit for the period. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2014 £'000	2012 £'000
Profit from continuing operations before tax	4,156	4,139
Tax at the UK corporation tax rate of 23.4% (2012: 24%)	973	993
Effect of UK corporation tax rate at 24% from 1 August to 31 March 2013 (2012: 26%)	5	100
Tax effect of expenses that are not deductible in determining taxable profit	219	299
Tax effect of losses not previously recognised	(8)	(193)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	309	(68)
Amounts underprovided in previous periods	(108)	18
Total tax charge	1,390	1,149

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The impact on the current year's tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced. A reduction to 21% with effect from 1 April 2014 and a further reduction to 20% effective from 1 April 2015 were substantively enacted on 17 July 2013 and the deferred tax balance has been adjusted to reflect this change (see note 22).

9 Dividends

	2014 £'000	2012 £'000
Amounts recognised as distributions to owners of the parent company in the period		
Final dividend for year ended 31 July 2012 of 12.7 pence (Year end 2011: dividend of 11.0 pence) per share	1,303	1,129
First interim dividend for eighteen month period ended 31 January 2014 of 6.05 pence (Interim dividend for the year ended 31 January 2012: 5.5 pence) per share	621	564
Second interim dividend for the eighteen month period ended 31 January 2014 of 14.0 pence (2012: nil) per share	1,437	–
	3,361	1,693

10 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2014 £'000	2012 £'000
Earnings for the calculation of basic and diluted earnings per share		
Continuing and discontinued operations		
Profit attributable to owners of the parent company	2,766	2,990
Non-trading items	1,081	(807)
Underlying profit – continuing and discontinued operations	3,847	2,183
Number of shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,216,004	10,261,393
Effect of dilutive potential ordinary shares: share options	105,414	7,791
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,321,418	10,269,184

The calculation of underlying earnings per share (before non-trading items) is included as the directors believe it provides a better understanding of the underlying performance of the Group. Non-trading items are defined in note 2 and disclosed in note 5.

11 Goodwill

Group	Goodwill £'000
Cost	
At 1 August 2011	755
Foreign currency adjustment	116
At 31 July 2012	871
Foreign currency adjustments	47
At 31 January 2014	918
Provision for impairment	
At 1 August 2011, 31 July 2012 and 31 July 2013	–
Net book value	
At 31 January 2014	918
At 31 July 2012	871
At 31 July 2011	755

Goodwill has been allocated entirely to one cash generating unit, being Air Partner International SAS.

For the purpose of impairment testing, the recoverable amount of the cash generating unit was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering a three-year period. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts was 2% (2012: 2%). The pre-tax rate used to discount the forecast cash flows was 14% (2012: 10%).

The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a material impairment of goodwill.

12 Other intangible assets

Software	Group £'000	Company £'000
Cost		
At 1 August 2011	–	–
Additions	298	284
Foreign currency adjustments	(1)	–
At 31 July 2012	297	284
Additions	920	920
Foreign currency adjustments	–	–
At 31 January 2014	1,217	1,204
Amortisation and impairment		
At 1 August 2011	–	–
Charge for the period	9	7
Foreign currency adjustments	1	–
At 31 July 2012	10	7
Charge for the period	37	31
Impairment loss	774	774
Foreign currency adjustments	–	–
At 31 January 2014	821	812
Net book value		
At 31 January 2014	396	392
At 31 July 2012	287	277
At 31 July 2011	–	–

Other intangible assets comprise acquired software. Please refer to notes 2 and 5 for further details regarding the nature of the impairment loss made during the current financial period.

13 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Aircraft £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2011	803	1,711	1,703	45	4,262
Additions	28	—	62	—	90
Foreign currency adjustments	(15)	—	(74)	(6)	(95)
Reclassified as held for sale	—	(1,711)	—	—	(1,711)
At 31 July 2012	816	—	1,691	39	2,546
Additions	8	—	79	—	87
Foreign currency adjustments	7	—	24	3	34
Disposals	(8)	—	(8)	(38)	(54)
At 31 January 2014	823	—	1,786	4	2,613
Depreciation and impairment					
At 1 August 2011	112	731	1,335	18	2,196
Charge for the period	81	—	183	7	271
Foreign currency adjustments	(13)	—	(63)	(4)	(80)
Reclassified as held for sale	—	(731)	—	—	(731)
At 31 July 2012	180	—	1,455	21	1,656
Charge for the period	100	—	164	7	271
Foreign currency adjustments	7	—	22	2	31
Disposals	(6)	—	(7)	(29)	(42)
At 31 January 2014	281	—	1,634	1	1,916
Net book value					
At 31 January 2014	542	—	152	3	697
At 31 July 2012	636	—	236	18	890
At 31 July 2011	691	980	368	27	2,066

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale. Accordingly, the aircraft was reclassified as an asset held for sale. The aircraft was disposed during the current period; see note 14 for further details.

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 August 2011	805	1,403	15	2,223
Additions	28	28	–	56
Reclassifications	(24)	24	–	–
Disposals	(89)	(559)	–	(648)
At 31 July 2012	720	896	15	1,631
Additions	(5)	10	–	5
Disposals	–	(7)	–	(7)
At 31 January 2014	715	899	15	1,629
Depreciation				
At 1 August 2011	92	1,231	10	1,333
Charge for the period	69	126	2	197
Disposals	(89)	(559)	–	(648)
At 31 July 2012	72	798	12	882
Charge for the period	87	89	1	177
Disposals	–	(6)	–	(6)
At 31 January 2014	159	881	13	1,053
Net book value				
At 31 January 2014	556	18	2	576
At 31 July 2012	648	98	3	749
At 31 July 2011	713	172	5	890

14 Asset held for sale

	Aircraft £'000
At 1 August 2011	–
Reclassification from property, plant and equipment	980
Impairment (see note 5)	(335)
Foreign currency adjustments	45
At 31 July 2012	690
Additions	10
Foreign currency adjustments	33
Disposal	(733)
At 31 January 2014	–

In August 2011, the Group commenced actively marketing its sole owned aircraft for sale and accordingly, the aircraft was reclassified as an asset held for sale. The aircraft was subsequently disposed of during the current period for a consideration of US\$1,230,000 (£815,000).

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15 Investments

Company	Investments in shares of to subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 August 2011	1,286	1,133	2,419
Additions – capital contributions to subsidiaries	–	725	725
Additions – group share-based payments	–	55	55
Reclassification	212	(212)	–
Disposal of investment in Air Partner Leasing USA, Inc.	(319)	(603)	(922)
At 31 July 2012	1,179	1,098	2,277
Additions – capital contributions	–	122	122
At 31 January 2014	1,179	1,220	2,399
Amounts provided			
At 1 August 2011	420	285	705
Impairment of investment in Air Partner Leasing USA, Inc.	–	603	603
Impairment of investment in Air Partner Nordic AB	–	122	122
Disposal of investment in Air Partner Leasing USA, Inc.	(319)	(603)	(922)
At 31 July 2012	101	407	508
Impairment of investment in Air Partner Nordic AB	–	47	47
At 31 January 2014	101	454	555
Net book value			
At 31 January 2014	1,078	766	1,844
At 31 July 2012	1,078	691	1,769
At 31 July 2011	866	848	1,714

In the prior year, the Company disposed of its investment in the entire issued share capital of Air Partner Leasing USA, Inc., to the Company's wholly owned subsidiary Air Partner, Inc., for consideration of one ordinary share issued by Air Partner, Inc.

The Company tests its investments for impairment if there are indications that the investments may be impaired. The recoverable amount of each investment was measured on the basis of its value in use, by applying cash flow projections based on the financial forecasts covering a three-year period. The key assumptions for the value in use calculation for each subsidiary were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts was 2% (2012: 2%). The rate used to discount the forecast cash flows was 14% (2012: 10%). The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a further impairment of the Company's investments.

The following is a list of the principal trading subsidiaries of which Air Partner plc, incorporated in England and Wales, is the beneficial owner:

Name	Principal activity	Country of incorporation	Holding
Air Partner International SAS	Air charter broking	France	100%
Air Partner International GmbH	Air charter broking	Germany	100%
Air Partner, Inc.	Air charter broking	US	100%
Air Partner Leasing USA, Inc.	Aircraft leasing	US	100%*
Air Partner (Switzerland) AG	Air charter broking	Switzerland	100%
Air Partner Travel Management Company Limited	Travel agency	England and Wales	100%
Air Partner Srl	Air charter broking	Italy	100%
Air Partner Havacilik ve Tasimacilik Limited Sirketi	Air charter broking	Turkey	100%**
Air Partner Nordic AB	Air charter broking	Sweden	100%
Air Partner Jet Charter and Sales Private Limited	Air charter broking	India	100%***

* 100% is held by a subsidiary undertaking.

** 40% is held by a subsidiary undertaking.

*** 99.99% is held by one subsidiary undertaking and 0.01% is held by another subsidiary undertaking.

In the opinion of the directors the recoverable amount of the Company's subsidiary undertakings is considered to be in excess of the carrying value.

16 Trade and other receivables

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Gross trade receivables	13,680	19,004	7,538	10,265
Allowance for bad and doubtful debts	(381)	(151)	(235)	(61)
Trade receivables	13,299	18,853	7,303	10,204
Amounts owed by Group undertakings	–	–	774	1,342
Social security and other taxes	551	178	404	135
Other receivables	174	201	32	32
Prepayments and accrued income	6,788	11,312	4,079	6,233
	20,812	30,544	12,592	17,946

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

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All trade and other receivables have been reviewed for indicators of impairment. The following receivables were determined to be impaired and were fully provided for, because of poor payment history:

	Group £'000	Company £'000
At 1 August 2011	252	134
Charge for the year	77	78
Receivables written off during the period	(178)	(151)
At 31 July 2012	151	61
Charge for the year	346	235
Receivables written off during the period	(116)	(61)
At 31 January 2014	381	235

Of the amounts impaired during the period, £117k was for an amount past due by more than 6 months but less than 1 year with the remainder being all overdue by more than one year.

In addition, some of the unimpaired trade receivables were past due at the reporting date. The ageing of financial assets was as follows:

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Neither past due nor impaired	8,159	12,444	3,995	6,345
Past due but not impaired:				
– By not more than 3 months	3,463	5,575	2,112	3,349
– By more than 3 months but not more than 6 months	714	336	361	245
– By more than 6 months but not more than 1 year	423	149	291	84
– By more than 1 year	540	349	544	181
	13,299	18,853	7,303	10,204

17 Trade and other payables

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Trade payables	5,174	7,745	2,680	2,500
Other taxation and social security payable	572	502	173	160
	5,746	8,247	2,853	2,660

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18 Other liabilities

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Deferred income	18,916	19,613	10,280	9,656
Accruals	3,689	6,148	1,662	3,514
Other liabilities	382	377	41	–
Amounts owed to Group undertakings	–	–	23	23
	22,987	26,138	12,006	13,193

The directors consider that the carrying amount of other liabilities approximates their fair value.

19 Provisions

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Administration claims	465	474	465	474
Restructuring	269	250	210	36
	734	724	675	510

	Group			Company		
	Administration claims £'000	Restructuring £'000	Total £'000	Administration claims £'000	Restructuring £'000	Total £'000
At 1 August 2012	474	250	724	474	36	510
Additional provision in the year	–	428	428	–	210	210
Utilisation of provision	(1)	(412)	(413)	(1)	(36)	(37)
Adjustment for change in discount rate	(30)	–	(30)	(30)	–	(30)
Unwinding of discount	22	–	22	22	–	22
Foreign currency adjustments	–	3	3	–	–	–
At 31 January 2014	465	269	734	465	210	675

A provision of £465,000 (2012: £474,000) was held in relation to the potential costs of settlement of claims which have been received from third parties following the closure of Air Partner Private Jets Limited. All remaining claims within this provision are expected to be settled by 31 March 2016.

During the prior financial year, the Group completed a cost reduction restructuring exercise. This resulted in a provision of £250,000 for employees who left the Group after the year end. Of this amount, £191,000, net of foreign exchange differences, was utilised during the current financial period and the remaining £59,000 will still be required. Additionally, and as a result of the change to a product-led reporting structure, during the current financial period further redundancies were identified and communicated to the relevant employees, resulting in a further provision of £428,000, of which £218,000 was utilised during the period and the remaining £210,000 will still be required.

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20 Financial instruments

The objectives of the Group's treasury activities are to manage financial risk, minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities and to ensure that the working capital requirements fit the needs of the ongoing business.

The Group has various financial instruments such as cash, trade receivables and trade payables that arise directly from its operations, along with forward currency contracts undertaken to minimise risk on future business.

a) Interest rate risk

The Group's policy is to manage interest rate risk and to maximise its return from its cash balances. The Group's main interest rate risk is related to variable rates on cash held at the bank. Certain cash balances are deposits on fixed interest terms, but are never lodged for more than three months to ensure that the Group does not suffer unduly from the risk of interest rate variation.

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Cash held at year end on fixed interest rates	3,314	1,208	12	16
Cash held at year end on variable interest rates	15,105	14,508	10,887	7,443
	18,419	15,716	10,899	7,459

The following table illustrates the sensitivity of cash held on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate range on which interest was receivable during the year was 0.0% to 0.5% (2012: 0.0% to 10.4%).

Group	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Cash held at year end on variable interest rates	151	145	(151)	(145)

Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Cash held at year end on variable interest rates	109	74	(109)	(74)

b) Credit risk

The carrying amount of financial assets recognised at the reporting date, as summarised below, represents the Group's maximum exposure to credit risk:

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Cash and cash equivalents	18,419	15,716	10,899	7,459
Trade and other receivables	13,622	18,853	8,125	11,546
	32,041	34,569	19,024	19,005

The Group constantly monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to an external credit verification process.

The directors consider that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk to commercial customers, as credit risk is predominantly government based.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Refer to note 16 for details of impairment losses for financial instruments.

c) Liquidity risk

The Group faces liquidity risks in paying operators before a flight occurs or before payment is received from the client. The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the client has been received.

The Group manages cash within its operations and ensures that cash collection is efficiently managed. Any excess cash is placed on low-risk, short-term interest-bearing deposits or distributed to shareholders through dividends, although the Group retains enough working capital in the business to ensure that the business operations can run smoothly.

As at 31 January 2014, the Group's financial liabilities had contractual maturities which are summarised below:

Group	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Trade and other payables	17,615	15,356	—	—	—	—	—	—
Derivative financial instruments	46	90	—	—	—	—	—	—
	17,661	15,446	—	—	—	—	—	—

Company	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Trade and other payables	11,607	9,008	—	—	—	—	—	—
Derivative financial instruments	46	90	—	—	—	—	—	—
	11,653	9,098	—	—	—	—	—	—

d) Foreign currency risk

The Group has invested in foreign operations outside the United Kingdom and also buys and sells goods and services denominated in currencies other than Sterling. As a result the value of the Group's non-Sterling revenue, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in US Dollar and Euro rates in particular. The Group's policy on foreign currency risk is not to enter into forward contracts until a firm contract has been signed.

The Group considers using derivatives where appropriate to hedge its exposure to fluctuations in foreign exchange rates. The purpose is to manage the currency risks arising from the Group operations. It is the Group's policy that no trading in financial instruments will be undertaken.

Foreign currency denominated financial assets and liabilities, translated into Sterling at the closing rate, are as follows:

Group	2014 £'000				2012 £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	15,998	5,949	9,689	405	15,798	6,244	11,579	948
Financial liabilities	(10,916)	(4,111)	(2,513)	(74)	(10,750)	(1,954)	(2,405)	(337)
Short-term exposure	5,082	1,838	7,176	331	5,048	4,290	9,174	611
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	5,082	1,838	7,176	331	5,048	4,290	9,174	611

Company	2014 £'000				2012 £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Nominal amounts								
Financial assets	7,273	3,041	8,814	(104)	4,362	3,878	10,213	552
Financial liabilities	(7,310)	(1,739)	(2,531)	(27)	(5,988)	(1,016)	(2,083)	(11)
Short-term exposure	(37)	1,302	6,283	(131)	(1,626)	2,862	8,130	541
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	(37)	1,302	6,283	(131)	(1,626)	2,862	8,130	541

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the Euro and US Dollar exchange rates, with all other variables held constant, on profit before tax and equity. It assumes a 10% change of the Sterling/Euro exchange rate for the year ended 31 January 2014 (2012: 10%). A 10% change is also assumed for the Sterling/US Dollar exchange rate (2012: 10%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

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If Sterling had strengthened against the Euro and US Dollar by 10% (2012: 10%) and 10% (2012: 10%) respectively the impact would have been as follows:

Group	Eur €	2014	Total	Eur €	2012	Total
		£'000			£'000	
Financial assets	(1,600)	(595)	(2,195)	(1,580)	(624)	(2,204)
Financial liabilities	1,092	411	1,503	1,075	195	1,270
Effect on profit before tax	(508)	(184)	(692)	(505)	(429)	(934)
Company	Eur €	2014	Total	Eur €	2012	Total
		£'000			£'000	
Financial assets	(727)	(304)	(1,031)	(436)	(388)	(824)
Financial liabilities	731	174	905	599	102	701
Effect on profit before tax	4	(130)	(126)	163	(286)	(123)

If Sterling had weakened against the Euro and US Dollar by 10% (2012: 10%) and 10% (2012: 10%) respectively the impact would have been as follows:

Group	Eur €	2014	Total	Eur €	2012	Total
		£'000			£'000	
Financial assets	1,600	595	2,195	1,580	624	2,204
Financial liabilities	(1,092)	(411)	(1,503)	(1,075)	(195)	(1,270)
Effect on profit before tax	508	184	692	505	429	934
Company	Eur €	2014	Total	Eur €	2012	Total
		£'000			£'000	
Financial assets	727	304	1,031	436	388	824
Financial liabilities	(731)	(174)	(905)	(599)	(102)	(701)
Effect on profit before tax	(4)	130	126	(163)	286	123

e) Forward contracts

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and any change in their fair value is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2012: none).

At the reporting date, the total notional amount of outstanding forward foreign exchange contracts that the Group had committed are as below and their related fair value was as follows (terms not exceeding three months from 31 January 2014):

Group & Company	2014 £'000	2012 £'000
Forward foreign exchange contracts	2,672	4,248
Financial liability	(46)	(90)

Changes in the fair value of derivative financial instruments amounting to £44,000 have been credited to the income statement in the period (2012: charge of £46,000).

These derivative financial instruments are not traded in active markets. Their fair value has been determined by using valuation techniques which maximise the use of observable market data, namely the contract exchange rate and the bank's forward rate. The derivatives are therefore categorised as level 2 using the fair value hierarchy.

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group has no debt and capital therefore consists entirely of equity.

The Group's primary tool in managing risk is cash flow analysis. In addition to strategic cash flow management the Group performs detailed weekly cash flow modelling.

The schedule of matters reserved for Board decision includes approval of any financial instruments or bank borrowings in excess of £2,000,000.

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g) Financial assets by category

	2014 £'000	2012 £'000
Group		
Loans and receivables	32,041	34,569
Current assets which are not financial assets	7,855	12,593
Total current assets	39,896	47,162
Company	2014 £'000	2012 £'000
Loans and receivables	19,024	19,005
Current assets which are not financial assets	4,467	6,400
Total current assets	23,491	25,405

h) Financial liabilities by category

	2014 £'000	2012 £'000
Group		
Financial liabilities held at fair value through profit or loss	(46)	(90)
Financial liabilities measured at amortised cost	(8,863)	(15,356)
Current liabilities which are not financial liabilities	(20,732)	(20,120)
Total current liabilities	(29,641)	(35,566)
Company	2014 £'000	2012 £'000
Financial liabilities held at fair value through profit or loss	(46)	(90)
Financial liabilities measured at amortised cost	(4,365)	(9,008)
Current liabilities which are not financial liabilities	(11,345)	(7,639)
Total current liabilities	(15,756)	(16,737)

The directors consider that the carrying amount of the financial assets and liabilities approximates their fair value.

21 Share-based payments

The Company operates a share option scheme under which options may be granted to certain senior staff of the Group to subscribe for ordinary shares in the Company. The Scheme rules cover grants under an Approved and an Unapproved section of the scheme. According to those rules, options may be granted at an exercise price equal to the average quoted market price of the Company's shares on the dealing day immediately preceding the date of grant. The vesting period is three years. With certain exceptions, options are forfeited if an employee leaves the Group and outstanding options expire if they remain unexercised after a period of 6.8 to 10 years from the date of grant.

Details of the share options outstanding during the year are as follows:

	2014		2012	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding as at 1 August	1,043,766	411.1	797,315	470.8
Granted during the period	201,151	14.4	340,000	277.5
Forfeited during the period	(176,905)	715.7	(93,549)	434.9
Exercised during the period	(168,945)	340.6	—	—
Outstanding at the end of the period	899,067	343.7	1,043,766	411.1
Exercisable at the end of the period	425,416	541.8	370,666	603.6

The weighted average remaining contractual life of share options outstanding at the year end was 6.307 years (2012: 7.56 years).

The exercise prices of share options outstanding at the year end ranged from nil pence to 884 pence (2012: 277.5 pence to 884 pence).

The fair value received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received for share options granted during the year was measured based on the Monte Carlo model. The contractual life of the option (6.8 or 10 years) is used as an input into this model.

The inputs into the Monte Carlo model for all options granted during the period are as follows:

	7 January 2013	26 October 2013
Underlying share price (pence)	290.0p	500.p
Exercise price (pence)	290.0p	000.0p
Expected volatility	30%	30%
Vesting period	3 years	2.8 years
Option life	10 years	6.8 years
Employee exit rate	10%	10%
Employee exercise multiple	1.5	1.5
Risk-free interest rate	2.15%	2.00%
Dividend yield	5.0%	5.0%

The 10,000 options granted on 7 January 2013 were subject to both service and non-market performance conditions.

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One third of the number of shares under option will be exercisable if, in respect of the Performance Period, the increase in the Earnings Per Share ("EPS") has exceeded inflation (as measured by the RPI) by an average of at least 3% per annum.

The total number of shares under option will be exercisable if, in respect of the Performance Period, the increase in EPS has exceeded inflation (as measured by the RPI) by an average of at least 7% per annum.

Between one third and the total number of shares under option, determined on a straight-line basis, will be exercisable if the performance falls between these two target levels. If the performance is below the minimum target level above, options will lapse and cease to be exercisable.

The 191,151 options granted on 26 October 2013 were subject to both service and performance conditions, with half of the options being subject to an EPS growth performance condition and the other half subject to a Total Shareholder Return ("TSR") condition.

For the EPS condition, all shares will vest if, in respect of the performance period, the increase in EPS with reference to the base year (31 July 2013) exceeds RPI by at least 10% per annum. If the increase in EPS exceeds RPI by between 5 and 10% over the performance period, then 25% of the share will vest. However, if EPS growth is lower than RPI plus 5% per annum over the performance period then none of the options awarded will vest.

For the TSR condition, vesting will be determined by comparing the Group's TSR against the TSR of the FTSE Small Cap Total Return Index in accordance with the following conditions:

- if the Group ranks below the 50th percentile, no options will vest;
- if the Group is at the 50th percentile, 25% of the options will vest;
- if the Group is at the 75th percentile, or above, 100% of the options will vest; and
- there will be proportionate vesting where performance falls between the 50th and 75th percentile rankings.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the ten years prior to the grant date, along with six other quoted companies that were considered to exhibit some degree of comparability with Air Partner.

The weighted average fair value of options granted during the year was £3.95 (2012:£0.86).

The total charge for the year relating to employee share-based payment plans was £192,000 (2012: £151,000), all of which related to equity share-based payment transactions.

22 Deferred tax

Deferred tax has been calculated at 20% (2012: 23%) in respect of UK companies and at the prevailing tax rates for the overseas subsidiaries. The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods.

Group	Net accelerated tax depreciation £'000	Tax losses £'000	Share-based payment £'000	Other temporary differences £'000	Total £'000
At 1 August 2011	97	—	248	73	418
Exchange differences on opening balances	(3)	—	—	(4)	(7)
Credit / (expense) to the income statement	89	246	(248)	(29)	58
At 31 July 2012	183	246	—	40	469
Exchange differences on opening balances	(4)	(7)	—	2	(9)
(Expense)/credit to the income statement	(139)	(239)	62	35	(281)
Credit direct to equity	—	—	68	—	68
At 31 January 2014	40	—	130	77	247

Company	Net accelerated tax depreciation £'000	Share-based payment £'000	Other temporary differences £'000	Total £'000
At 1 August 2011	54	248	36	338
Expense to the income statement	(24)	(248)	(36)	(308)
At 31 July 2012	30	—	—	30
(Expense)/credit to the income statement	(11)	62	—	51
Credit direct to equity	—	68	—	68
At 31 January 2014	19	130	—	149

The following is the analysis of the deferred tax balances for financial reporting purposes:

	Group		Company	
	2014 £'000	2012 £'000	2014 £'000	2012 £'000
Deferred tax assets	247	469	149	30

At the balance sheet date the Group had undistributed earnings in respect of overseas subsidiaries that would be subject to overseas withholding taxes on remission to the UK. No liability has been recognised in respect of these earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At the balance sheet date, the Group had unused tax losses totalling £317,000 (2012: £404,000) for which no deferred tax asset was recognised, as it is not considered probable that there will be future taxable profits available.

**Notes to the
financial statements**
for the period ended 31 January 2014
continued

23 Employee benefits

In the UK, the Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held in individual personal pension schemes which are fully transferable if the employee leaves the Company.

Similar schemes operate across the rest of the Group depending on local regulations and individual social contribution levels. The amount of expense related to such pension contributions is disclosed in note 6.

24 Share capital

	2014 £'000	2012 £'000
Authorised		
15,000,000 (2012: 15,000,000) ordinary shares of 5.0 pence each	750	750
Issued and fully paid		
10,261,393 (2012: 10,261,393) ordinary shares of 5.0 pence each	513	513

The Company has one class of ordinary shares which carries no right to fixed income and entitles holders to one vote per share at general meetings of the Company.

25 Own shares

	Group & Company £'000
Balance at 1 August 2012	–
Acquired in the period	2,000
Disposed of on exercise of options	(846)
Balance at 31 January 2014	1,154

The own shares reserve represents the cost of shares in Air Partner plc purchased in the market and held by the Air Partner Employee Benefit Trust, which was established during the period to satisfy the future exercise of options under the Group's share options schemes (see note 21). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2014 was 224,932 (2012: nil).

26 Net cash inflow from operating activities

	Group		Company	
	2014	2012	2014	2012
	£'000	£'000	£'000	£'000
Continuing operations				
Profit for the year	2,766	2,990	3,729	3,580
Adjustments for:				
Dividends received	–	–	(1,632)	(1,765)
Finance income	(37)	(51)	(36)	(36)
Finance expense	32	(79)	26	(79)
Income tax expense	1,390	1,149	541	1,113
Depreciation and amortisation	308	280	208	204
Impairment of intangible assets	774	–	774	–
Impairment of aircraft	–	335	–	–
Impairment of investments	–	–	47	725
Loss on disposal of property, plant and equipment	4	–	1	–
Profit on disposal of asset held for sale	(82)	–	–	–
Fair value (gains)/losses on derivative financial instruments	(44)	46	(44)	46
Share option cost for period	192	151	192	96
Increase/(decrease) in provisions	10	(907)	165	(1,121)
Foreign exchange differences	(182)	236	(209)	373
Operating cash flows before movements in working capital	5,131	4,150	3,762	3,136
Decrease in receivables	10,351	11,927	5,354	9,804
Decrease in payables	(6,404)	(3,908)	(1,116)	(6,736)
Cash generated from operations	9,078	12,169	8,000	6,204
Income taxes paid	(1,801)	(1,288)	(700)	(658)
Interest paid	(32)	(10)	(26)	(10)
Net cash flow from operating activities	7,245	10,871	7,274	5,536

27 Operating lease arrangements

	2014 Land and buildings £'000	2012 Land and buildings £'000	2014 Other £'000	2012 Other £'000	2014 Total £'000	2012 Total £'000
The Group as lessee						
Minimum lease payments under operating leases recognised as costs for the year	561	603	71	88	632	691

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 Land and buildings £'000	2012 Land and buildings £'000	2014 Other £'000	2012 Other £'000	2014 Total £'000	2012 Total £'000
The Group as lessee						
Within one year	442	353	61	77	503	430
In the second to fifth year inclusive	1,230	755	114	80	1,344	835
After five years	795	670	–	–	795	670
	2,467	1,778	175	157	2,642	1,935

Operating lease payments represent rentals payable by the Group for certain office properties, motor vehicles and office equipment it uses. Leases are negotiated in isolation, dependent on the trading conditions in the country / region concerned.

Aircraft leasing rental income earned during the year was £nil (2012: £144,000).

28 Profit for the financial year

The Group financial statements do not include a separate income statement for Air Partner plc (the parent undertaking) as permitted by Section 408 of the Companies Act 2006. The parent company profit after tax for the financial year was £3,729,000 (2012: £3,580,000) including dividends from subsidiary companies of £1,632,000 (2012: £1,765,000). The parent company has no other items of comprehensive income.

29 Related party transactions

The Company had the following transactions with related parties in the ordinary course of business during the year under review.

Trading transactions	2014 £'000	2012 £'000
Subsidiaries		
Sales to subsidiaries	310	179
Purchases from subsidiaries	2,401	1,012
Amounts owed by subsidiaries at period end	774	1,342
Amounts owed to subsidiaries at period end	(23)	(23)

Outstanding balances that relate to trading balances are placed on inter-company accounts with no specific credit period.

Compensation of key management (being the directors)	2014 £'000	2012 £'000
Short-term employee benefits	1,191	559
Post-employment benefits	59	39
Termination benefits	191	–
Share-based payment	30	73
	1,471	671

The total amounts for directors' remuneration in accordance with schedule 5 of the Accounting Regulations were as follows:

Aggregate directors' remuneration	2014 £'000	2012 £'000
Salaries, fees, bonuses and benefits in kind	1,382	559
Gains on exercise of share options	92	–
Money purchase pension contributions	59	39
	1,533	598

Two (2012: two) directors were members of money purchase schemes. Further information about the remuneration of individual directors is provided in the audited part of the Directors' remuneration report on pages 49 to 53.

30 Contingent liabilities

The Group had a charge over cash of £376,000 in respect of a passenger sales agency agreement (2012: £240,000). Additionally the Group had a bank guarantee for £17,000 (2012: £17,000) lodged in regard to certain employee rights in Dubai.



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