

AIR PARTNER
Aircraft Charter since 1961

BE THERE WHEN
IT MATTERS

Air Partner plc is a world-class air charter broking company. We have been working in the aviation industry since 1961 and it is this experience, along with unparalleled customer service, which gives our customers access to the right aircraft to provide the best solution for every type of business, in every country in the world, for any conceivable mission.

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Throughout this annual report “Air Partner”, “the Company”, “the Group” is used to describe Air Partner plc.

	Year ended 31 January 2015 (audited)	Year ended 31 January 2014* (unaudited)	%
Revenue	£192.1m	£211.5m	(9.2%)
Underlying profit before tax†	£2.6m	£4.1m	(35.6%)
Profit before tax	£2.6m	£2.7m	(2.4%)
Profit after tax	£2.8m	£1.9m	42.7%
Cash#	£18.8m	£18.4m	2.0%
Underlying basic EPS†	27.7p	28.6p	(3.1%)
Basic EPS	27.6p	19.2p	43.8%
Final dividend	15.4p	14.0p	10.0%

* As restated.
† “underlying” excludes non-trading items and discontinued operations.
includes JetCard cash of £14.1m (2014: £8.8m), of which £1.8m held on a client account (2014: £nil).

- Financial highlights:
- The Group responded well to disappointing H1 trading, leading to a much improved H2
 - The recovery in H2 led to full year results being ahead of the revised expectations
 - Profit after tax further assisted by £0.9m of tax credits
 - Group remains debt free, with cash of £18.8m (2014: £18.4m), of which £14.1m is JetCard deposits (2014: £8.8m)
 - Proposed final dividend up 10% to 15.4p, taking the total dividend for the year to 22.06p
 - Year-to-date trading and forward order visibility in line with management expectations

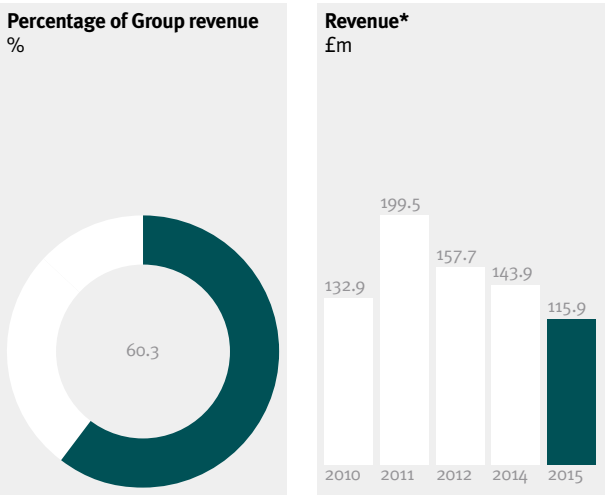
- Group highlights:
- Areas of strategic focus continue to progress with new contract wins across all areas
 - Successful Tour Operating programme in Italy led to record profits for the region
 - Excellent broking for automotive launch programmes led to record year for the German Commercial Jets division
 - Investment in Private Jets sales staff, leading to record new JetCard sales of £9.6m
 - Investment in the Freight division has started to show returns with excellent improvements in sales and profits

As one of the world’s leading aircraft charter broking companies, Air Partner has a global network of international offices. We operate a full 24-hour flight operations centre, providing our customers with instant access to our private air charter services all year round.

Our team of aviation professionals has earned an enviable reputation for masterminding some of the most complex civil aviation operations flown today. Although flights can be regular in nature – tour operating, shuttle flights for corporate clients and government organisations or frequent flying JetCard customers – equally missions are frequently launched at a moment’s notice, flying our key customers into, and out of, more obscure or challenging airports.

Commercial Jets

Charter of large aircraft for 20+ people for governments, corporates, sports and entertainment teams, industrial, manufacturing customers and tour operators



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

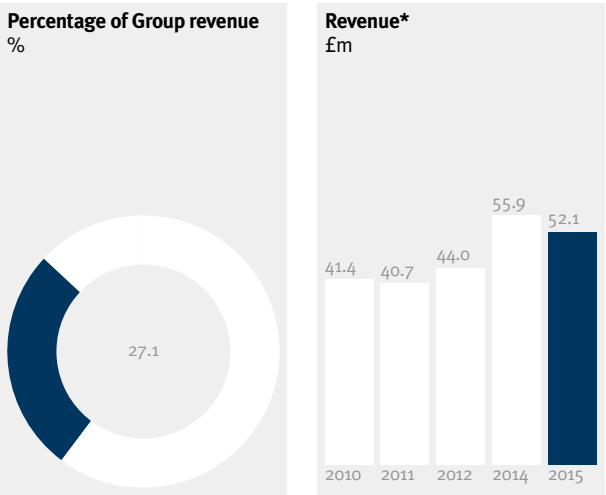
Over the last five decades, Air Partner has devised and executed many of the most complex flights in civil aviation, but we also complete hundreds of routine and individually tailored charter flights every week.

Our Emergency Planning Division plans, manages and executes air evacuations worldwide for governments, corporates, energy companies and charities. The in-house Travel Management Agency offers a complete aviation solution.

- Reasons for chartering
- Product launches
 - Football teams attending matches
 - Senior executive meetings
 - Air evacuations worldwide
 - Global sporting and social events
 - Company incentive trips
 - Leisure tour operations
 - Group musical events
 - Flying high to view comets and polar lights
 - Wedding parties

Private Jets

Charter of small aircraft and jets for up to 19 people, for business and leisure by corporates, high net worth individuals and governments



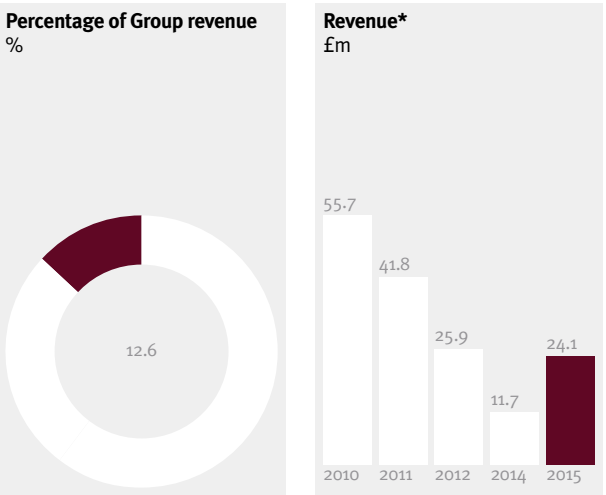
As part of one of the world’s largest suppliers of aircraft charter, our Private Jet team has the experience, relationships and aviation expertise to tailor solutions to meet our customers’ exacting needs. Offering the entire spectrum of private aviation products and services makes us the natural partner for our customers, whether this is for occasional private jet charter, regular trips, or for pre-purchase simplicity and flexibility of our JetCard.

A dedicated team of account managers is on call around the clock, ready to respond to any change in requirements and ensure the experience is always at the highest level of comfort and security for our customers.

- Why people flew with us
- Business meetings
 - Corporate conventions
 - Corporate roadshows
 - Family weekend breaks
 - Significant life event celebration
 - Government trade missions
 - Industry conferences/exhibitions
 - Medical emergencies
 - Commuting between homes
 - Attendance or participation in sports events
 - Global cultural, economic and political events

Freight

Charter of cargo transport aircraft and part-charter for regular and bespoke requirements, including emergency aid drops, time-critical door-to-door freight delivery and on-board couriers



Air Partner’s Freight team delivers bespoke air freight solutions to meet the most demanding schedules, at the best possible rates and reliability. Air cargo charter places our customers in control of their shipments, timings and security. Air Partner provides an aircraft for every need – from a light cabin Learjet to the giant Antonov 225 freighter.

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

- Cargo we have flown
- Medical and life-saving equipment
 - Disaster relief aid
 - Critical car manufacturing parts
 - Large oil and gas equipment
 - Industrial plant
 - Livestock
 - Artwork collections
 - Stage and musical equipment for world pop and rock tours
 - Orchestras
 - Sporting gear for global events
 - Aerospace equipment

*Relates to the five financial years ended 31 July 2010, 31 July 2011, 31 July 2012, the unaudited pro-forma financial year ended 31 January 2014 and the financial year ended 31 January 2015.

“Strong second half recovery delivers full year results ahead of revised expectations”

Richard Everitt
Chairman



Results

A stronger than expected performance in the second half of the year contrasted with the disappointing trading in the first half resulting in full year revenue of £192.1m and underlying profit before tax of £2.6m (2014: revenue of £211.5m and underlying profit before tax of £4.1m). The stronger second half of the year was driven by a good performance from the Commercial Jets division, particularly in Italy and Germany which delivered record six month performances, resulting in a full year underlying operating profit of £2.7m (2014: £3.9m) and the Freight division, which delivered an underlying operating profit of £0.4m, up £0.5m on the prior year (2014: loss of £0.1m).

The Group remains cash generative and debt free: as at 31 January 2015, the cash balance stood at £18.8m (2014: £18.4m). JetCard deposits have increased to £14.1m (2014: £8.8m), demonstrating the success of the continued sales focus in this area.

The reduction of the cost base in Commercial Jets, the recruitment of new talent into the division and improved trading conditions has led to renewed confidence in the outlook for our largest division. Private Jets has continued to progress and the sales team is gaining real traction with our popular JetCard product, which is increasingly being recognised as one of the most flexible and smartest ways to access private jet travel for corporates and high net worth individuals. The Freight division showed strong improvement, albeit from a low base. The global economic downturn particularly affected aviation freight, and while we quickly adjusted the size of our freight team to reflect lower demand, we are pleased to see some momentum being built as the sector and economy starts to improve. Reflecting this gradual improvement, we added to our sales team in the division, and this, coupled with the Group’s strong brand and expertise in its sector, has translated into a good financial performance for the year.

Dividend

The Board remains confident in the Group’s long-term prospects and is pleased to propose a final dividend of 15.4p per share, to be paid on 15 June 2015 to shareholders on the register on 15 May 2015, subject to approval at the annual general meeting. This will result in a total dividend for the year of 22.06p per share, a 10% increase over the final and first interim dividend from the prior financial period.

DIVIDEND PER SHARE

22.06p

Board changes

The financial year saw a number of changes to the Board at Air Partner. Firstly, and as reported in the last annual report, Tony Mack retired from the Board following the last annual general meeting, and is now the Life President of the Company.

As previously announced in the last annual report, Gavin Charles, former Chief Financial Officer, left the business on 30 April 2014, with Neil Morris, former Group Financial Controller, being appointed as his replacement in June 2014. Neil was previously Group Finance Director of All Leisure Group plc, an AIM traded tour operator, and before that spent 11 years at Deloitte LLP, primarily working in the aviation and travel sector.

Non-executive director, Chuck Pollard, who had served for five years, resigned from the Board on 2 December 2014. Grahame Chilton resigned from the Board on 16 March 2015 to accept a role as Chief Executive Officer of Arthur J. Gallagher International, which regrettably meant that he could no longer dedicate the time to be a Non-executive director of Air Partner.

Peter Saunders joined the Board as a Non-executive director in September 2014. As non-executive director of Canadian Tire Corporation, Godiva Chocolatier NV, Total Wines & More and Jack Wills Ltd, and being the former chief executive officer of Body Shop International plc, Peter brings to the Board a wealth of proven experience in marketing and customer service.

On behalf of the Board I would like to express my thanks to all of our employees who continue to work diligently for the Group. It is the knowledge, skills and professionalism of our employees across the world that make a difference to our customers and continue to build Air Partner’s brand and reputation.

Outlook

Current trading is in line with the Board’s expectations and this, together with the level of forward bookings, means that we begin the 2015/16 financial year with a degree of optimism. The Board remains confident that its strategy to focus on providing outstanding client service and solutions, while continuing to seek the further diversification of our client base, will deliver enhanced shareholder returns in the future.

Richard Everitt
Chairman
22 April 2015

READY FOR KICK OFF...

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**FOOTBALL
TEAMS**
FLOWN IN 2014

WHETHER IT'S FOR SEASON-LONG CONTRACTS, EUROPEAN TRIPS OR PRE-SEASON TOURS, WE SOURCE THE RIGHT AIRCRAFT AND DELIVER THE SMOOTHEST TRAVEL FOR OUR FOOTBALL CLUB CLIENTS. WE ARRANGE THE ARRIVAL AND DEPARTURE PROCESS SO AS TO MAXIMISE COMFORT AND SECURITY, OFFER THE QUICKEST AND SAFEST PASSAGE THROUGH THE TERMINAL AND MINIMISE WAITING TIMES AND TRANSIT TO THE STADIUM. ON THE FLIGHT, WE BRAND THE INTERIOR WITH TEAM COLOURS AND DELIVER BESPOKE CATERING TO MEET ALL THE NUTRITIONAL NEEDS OF THE PLAYERS. AND BECAUSE MATCHES SOMETIMES GO INTO EXTRA TIME, WE ALWAYS ARRANGE FLEXIBLE DEPARTURE TIMES.



“It remains our strategy to diversify revenues and improve the quality of earnings by building sustainable, repeat business beyond government and military contracts.”

Mark Briffa
Chief Executive Officer



Overview

The stronger second half of the year was much needed after a disappointing start. The improvement was driven by management action taken in the Commercial Jet division, better trading conditions and hard work across the Air Partner team. The Group generated underlying profit before tax of £2.6m, which is ahead of the revised market expectations, but still down 35.6% on prior year, due to our disappointing first six months. However, we believe some of the momentum generated in the second half of the year can now be carried forward.

Commercial Jet highlights:

- Cost base rationalised following weak H1 trading announcement, management changes and new appointments
- Successful Tour Operating programme in Italy led to record profits
- Excellent broking for automotive launch programmes led to record year in Germany
- Significant Oil & Gas contract win in H2

Private Jet highlights:

- Broking and JetCard performed well, with investment in sales staff leading to record new JetCard sales of £9.6m
- As the economy continues to improve we expect higher JetCard utilisation rates from corporate JetCard clients
- Division continues to benefit from London’s position as a global hub for commerce and high net worth individuals

Freight highlights:

- Investment in the freight division has started to show returns with excellent improvements in sales and profits
- The division’s expertise has been invaluable in challenging and testing environments supporting aid work
- Our proprietary, innovative Red Track product has continued to gain respect and traction with freight forwarders

PROFIT BEFORE TAX
£2.6m

Commercial Jet broking

Revenue in the year decreased by 19.5% to £115.9m (2014: £143.9m), with underlying operating profit 31.6% lower at £2.7m (2014: £3.9m). The reduction is due to fewer material one-off Commercial Jet contracts, particularly in the UK and US, together with the impact of a reduced Tour Operating programme in our French business compared to the prior year.

Following a change in management in the summer, I have personally taken responsibility of the UK Commercial Jet division and taken a number of steps to re-focus our operations, reduce costs, develop a clear strategy and invest in new, experienced, talent. These actions have contributed towards the improved trading performance in the second half of the year. There have been a number of positives for the division during the year: Italy achieved its highest ever profits as a result of a successful Tour Operating programme, and Germany achieved its strongest ever set of results, which was driven by a number of car launches.

It remains our strategy to diversify revenues and improve the quality of earnings by building sustainable, repeat business beyond government and military contracts. Despite the reduction in Tour Operating revenues in France as noted above, strong progress was made in Italy and Austria. Moreover, given the increased programme in France for summer 2015, we consider the setback suffered this year to be temporary.

Oil & Gas activity produced consistent revenues compared to prior year, leading to a 24% increase in gross profit. We were also pleased to secure an excellent contract win in H2 with a major exploration company. During the year, our government relationships worldwide continued to generate contract wins and contribute towards the division’s profits, albeit at the lower levels that the Group now expects.

Private Jet broking

The Private Jet division comprises two distinct product offerings: JetCard, Air Partner’s private jet card programme, with transparent pricing and no hidden charges, verified by Conklin and de Decker to be the most flexible in the market; and Ad hoc broking, our on demand charter service. In JetCard, our targeted investment to strengthen the sales team, particularly in the UK and US, has helped JetCard deposits rise to a record high of £14.1m (2014: £8.8m) and the number of JetCard holders increased to nearly 200 globally. This growth demonstrates the flexibility and value for money that this product offers, which differentiates it in the eyes of our customers, creating a demand that has resulted in £9.6m of card sales to new customers and £8.1m of renewals to existing customers in the period under review, helping increase our market share. However, JetCard revenue is not recognised until the customer has flown the hours and therefore, despite a 153% year-on-year increase in new deposits and a 2% increase in renewals from existing customers, utilisations increased just 3% on prior year. The success in increasing JetCard deposits leaves the division well-placed for the current financial year.

In Ad hoc broking, the picture has been mixed: our US business suffered as a result of decreased flying by one of our major corporate clients and in Europe the overall market has contracted slightly, reflecting uncertainty in the Eurozone. We took decisive action to reduce our cost base in these areas, with the associated redundancy costs being reflected in the current year, but leaving the business leaner and fitter for the future. Both of these factors contributed to lower revenue for the division as a whole, which reduced revenue by 6.7% to £52.1m (2014: £55.9m), with underlying operating profit falling by 51.3% to £0.8m (2014: £1.6m).

Freight broking

Over the past year, the Freight division has seen year-on-year revenue and gross profit growth, reflecting new business wins generated by the investment made in skilled recruits. Our ability to attract and retain experienced sales people from competitors has certainly contributed to the strong results, with the division reporting a 105.4% increase in revenue to £24.1m (2014: £11.7m). This led to a significant improvement in underlying operating profit from a loss of £0.1m in 2014 to a profit of £0.4m.

Our Red Track technology, which aids our ‘aircraft on ground’ (AOG) business, and the continuation of our work with government global aid agencies has helped to build strong relationships and a good reputation with freight forwarders, key contributors to the turnaround we are seeing in the Freight division.

Freight remains an important part of Air Partner’s product offering; this represents a good example of where we have focused our energies and investments in order to replace and grow revenue and the results are encouraging.

Leadership Team

Paul Argyle, previously Director of Commercial Jets in Europe, left Air Partner in the summer of 2014 and his responsibilities have been divided between myself and Richard Smith, who is also responsible for Freight in Europe, with CJ UK reporting directly to me and CJ Europe to Richard. In addition, and further to his role overseeing the implementation of the CRM, Colin Jowers has joined the Leadership Team as Director of Business Technology, emphasising our ongoing focus on technology as a means of improving our ability to deliver a better customer experience, using technology as an enabler, and providing a platform to create operational efficiencies going forward.

Customer First and Project Connect

Air Partner is embarking on an exciting and robust Customer First programme, with the ultimate aim of growing our business by being recognised as industry leaders, and differentiating ourselves from our competitors through delivery of an elevated and consistent customer experience. We will report more about this project at the time of our half-year results.

The Customer First initiative has been enabled by Project Connect, the multi-year global technology project which included the deployment of Microsoft Dynamics CRM across the business, alongside a programme to address the Group’s historical underinvestment in technology. The roll out of the CRM system across the Group was implemented in the summer of 2014 and as the investment starts to embed, we are seeing early positive signs of the benefits it will deliver. We have also implemented a complete IT infrastructure upgrade, taking the total technology investment in the period to £1.5m. Our capital expenditure on IT infrastructure is now broadly complete and will be significantly lower in the current financial year.

Outlook

The second half of the year provided a great deal to be positive about including a major new contract win in Oil & Gas, which commenced in the current financial year. Looking further ahead, I am encouraged by the return to a two aircraft programme for our French Tour Operator division and the continuation of the momentum gained in Italy. We also anticipate a return on our investment in our Private Jets division in Europe and the US, as well as continued growth in our JetCard product. In addition, we are embarking on an exciting programme to improve customer experience – putting the customer at the heart of our business – which will be key to the longevity of Air Partner. Despite the progress and potential in these areas, we continue to monitor costs and drive efficiencies wherever possible.

Air Partner remains well funded with a robust cash balance and this strong financial position allows us to invest in areas across the Group that will help deliver our strategy and remain at the forefront of the global charter market. Our unique and deep expertise around the world ensures that we provide our customers with what they want – a tailored, reliable and transparent service that takes care of every detail. We are looking to further cement our focus on this service through our Customer First project.

I would like to express my sincere thanks to all of my Air Partner colleagues for the hard work, dedication and commitment that they have shown throughout the year. I am proud of our people and their ability to deliver the highest standards of service every day.



Mark Briffa
Chief Executive Officer
22 April 2015

CASH BALANCE

£18.8m

Cash

Overall, the total cash balance of £18.8m has increased slightly from the prior year comparative of £18.4m. However, JetCard deposits have increased significantly, reflecting the strong sales of new cards within the period, and they now comprise £14.1m of the overall cash balance (2014: £9.7m), of which £1.8m is held in our segregated client account, which is referred to as restricted cash on the balance sheet (2014: £nil).

The fall in non-JetCard cash of £5.0m to £4.7m (2014: £9.7m) has been driven by capital expenditure and significant working capital movements, particularly in respect of a series of ad hoc Commercial Jet projects in Germany and the servicing of a major government aid contract simultaneously in the final quarter of the financial year. While these projects have had a temporary impact on the Group’s cash balance, it also demonstrates that Air Partner has the financial strength to deliver projects and this differentiates us from a number of our competitors.



Taxation

It has been possible to implement a number of tax initiatives that have delivered benefits this financial year: firstly, the Group has received nearly £0.5m from a research and development tax claim arising from its investment in technology projects; secondly, £0.2m from a one-off credit arising from the treatment of JetCard deposits in the US; and finally, £0.2m from the recognition of deferred tax assets from capital allowances and losses in France. While some of these benefits are of a ‘one-off’ nature, the Group is actively reviewing its tax structure going forward.



Neil Morris
Chief Financial Officer
22 April 2015

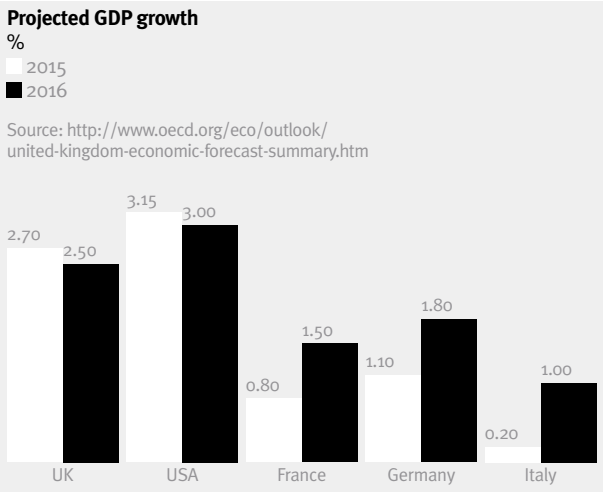
FLY ME TO MY WEDDING...

\$1m JETCARD

GETS MAGICAL WEEKEND OFF TO A FLYING START

THE WEDDING WEEKEND STARTED WITH A TRULY MEMORABLE FLIGHT FOR THE HAPPY COUPLE, INCLUDING THEIR PRIVATE JET STOCKED WITH THE BRIDE-TO-BE'S FAVOURITE FOOD AND CHAMPAGNE. THEIR 50 WEDDING GUESTS FOLLOWED BY VIP AIRCRAFT – EVERYONE ARRIVED ON TIME! AFTER THE CELEBRATIONS, WE FLEW THE NEWLYWEDS ON TO THEIR HIDEAWAY HONEYMOON, THEIR JET NOW DRESSED WITH 'JUST MARRIED' HEADREST COVERS. WHEN THEY WANTED TO EXTEND THEIR HONEYMOON BY A COUPLE OF DAYS, WE REARRANGED THE PRIVATE JET FLIGHT HOME.

Air Partner operates in the global aircraft charter market. The key economic drivers of this market are the strength of the economies in which Air Partner operates, the aviation market, the global geo-political situation and frequency of natural disasters, competitors and regulation.



Global economy

OECD forecasts for economic growth for 2015 of 3.7% and 2016 of 3.9% show improvement for the global economy, but the picture for Air Partner’s key markets is more mixed, as demonstrated in the table above.

While there should be a correlation between the improvement in the macro-economy of Air Partner’s key markets and Air Partner’s financial performance, given the nature of our business, financial performance is also driven by other key factors, as documented below.

Global geo-political environment and natural disasters

While the aviation market as a whole can suffer as a result of geo-political uncertainties and natural disasters, experience has demonstrated that Air Partner often assists its customers’ ability to respond to such challenges. Examples include troop and equipment movements for military conflict, evacuation of personnel from disaster zones, transport of aid to disaster zones and repatriation of citizens in response to politically driven immigration programmes. Given Air Partner’s experience of providing solutions to such challenges, the Group is well positioned to benefit from increasing global political instability.

Aviation market

As noted from IATA’s most recent Annual Review, demand for commercial passenger traffic and cargo has continued to show accelerated growth globally, although the story for Air Partner’s key markets, Europe and North America, is mixed. In Europe, passenger growth has slowed and is likely to remain mixed due to the ongoing Eurozone crisis, whereas North America remains buoyant. Freight traffic, having declined earlier this decade, has continued to improve.

Like commercial passenger traffic, the private jet market outlook is varied. The United States remains a strong, albeit highly competitive market, while the picture in Europe is mixed. Based on the most recent WingX Market Intelligence Report for Business Aviation, the major markets in Europe remain France, Germany, the UK, Switzerland and Italy, which mirrors Air Partner’s presence. However, for the calendar year ended 31 December 2014, the European market shrank by 0.5% compared to 2013, driven by the Eurozone crisis and instability in Eastern Europe.

Competitive position

The global air charter market is highly fragmented with low barriers to entry and little regulation – as detailed below – and is increasingly facing challenges from technology. As with ship broking, most of the major aircraft broking companies are based in the United Kingdom; however, unlike Air Partner, they are private companies. The table on page 15 summarises the publically available key financial information for the three other main brokers in order to enable a comparison with Air Partner.

Like Air Partner, the major aircraft brokers are susceptible not only to the cyclical nature of the macro-economic environment, but also geo-political situations. Our competitors employ a number of tactics to differentiate themselves from the competition, including focusing more on specific sectors that require more experience to replicate, niche markets or geographic markets. The barriers to entry are low, particularly in the private jet market, and as a result of technological changes, there has been a significant increase in smaller operators and ‘bedroom brokers’ in recent years.

Competitor GAAP	Chapman Freeborn Holdings Ltd UK GAAP		Air Charter Service Group plc IFRS		Hunt & Palmer plc UK GAAP	
	31/12/2013 £'000	31/12/2012 £'000	31/1/2014 £'000	31/1/2013 £'000	31/12/2013 £'000	31/12/2012 £'000
Year end						
Revenue	309,221	451,813	250,031	252,626	34,472	40,853
Gross profit	32,652	42,770	26,530	26,765	4,582	5,049
Operating profit	3,076	14,200	1,029	2,479	10	176
Profit for the year	2,263	12,979	517	1,604	1,267	143
Cash	15,634	30,539	5,924	8,043	2,131	1,950
Current assets	46,800	69,216	25,570	22,067	5,628	5,145
Net assets	27,637	45,020	5,625	7,408	1,486	1,377

Source: Companies House

Technology could also change the landscape of the charter market, again primarily in the private jet sector, through the development of technology to enable some customers to book their flight without the need to speak to a broker. However, the employment of these technologies may improve the efficiency of Air Partner’s current systems. There are a number of companies looking to deliver this technological breakthrough in the market, but presently there is no clear market leader and most of these companies are not yet profitable. Also, it should be noted that private jet itineraries are often complex, and passengers’ needs challenging. Often these needs cannot be serviced by technology and the experience and skills of a broker are required.

Air Partner also has to compete with operators who look to charter their aircraft directly to the customer, across all three business sectors.

Air Partner seeks to protect its market position by:

- attracting and retaining excellent broking talent;
- seeking to maintain a class leading customer experience, offering a stronger and more reliable service to emphasise the value of the Air Partner brand;
- improving its technology to deliver a better service to its customers and make operational efficiencies; and
- constantly reviewing its strategy and product offering to ensure it remains at the forefront of the aircraft broking sector.

Regulation

The aircraft charter market remains largely unregulated, particularly outside the United States. However, through working with industry groups, national regulatory bodies, such as the Civil Aviation Authority, and voluntarily through achieving ISO accreditation, Air Partner is seeking to improve and standardise best practices in the aircraft charter market.

Environment

As a broker, Air Partner’s carbon footprint is immaterial, however we recognise that we are involved in an industry that makes a small but significant contribution to man-made carbon dioxide emissions. Accordingly, Air Partner has undertaken extensive work to understand the environmental performance of the aircraft types that we offer and share this data with our customers, right from the start, at the proposal stage. Uniquely therefore, Air Partner’s clients have access to all the solutions available to a particular mission and can make their value judgement based on more than just price, with specific reference to the emissions attributable to that aircraft on that proposed route too. Unlike other providers who may, or often may not, offer just a standard carbon offset scheme based on their own limited fleet (which could be ill-suited to the mission in any case), Air Partner offers our customers a totally bespoke solution every time. Only then do we offer to neutralise the calculated impact of these emissions through our carbon-offset programme operated by renowned specialists, The CarbonNeutral Company.

HELPING TO COMBAT EBOLA...

2.48m KILOS OF AID AND EQUIPMENT

AFTER THE OUTBREAK OF EBOLA IN WEST AFRICA, THE UK TOOK A LEADING ROLE IN HELPING TO FIGHT THE CRISIS. AIR PARTNER FLEW 2.48M KILOS OF CARGO, ON OVER 110 FLIGHTS, TO THE REGION. WORKING AROUND THE CLOCK, IN CHALLENGING OPERATIONAL CIRCUMSTANCES, THE TEAM ENSURED THAT THE ESSENTIAL HUMANITARIAN AID, MEDICAL SUPPLIES AND EQUIPMENT NEEDED TO BUILD FIVE TREATMENT CENTRES WERE DELIVERED.



Air Partner is a global aviation charter specialist that applies its accumulated knowledge from over 50 years of trading to deliver expert market knowledge and bespoke solutions to its customer base. Our customers value our service as it provides a valid alternative to aircraft ownership, particularly for private jet customers (whether corporate or individuals) and scheduled services, enabling the customer access to all aircraft available for charter as well as the potential for the aircraft to be adapted to their specific needs. This tailored service is delivered through Air Partner’s global network of offices, with a strong focus on detail to fulfil our customers’ needs.

We have relationships with the majority of aircraft operators which allows us to select the aircraft appropriate for our customer’s needs, and also ensuring the operator adheres to strict quality standards. Air Partner’s revenue is largely generated through commissions, although some fee income is achieved through the provision of professional services or, in the case of our Emergency Planning Division, subscriptions.

Air Partner’s client base includes corporate customers (which also encompasses sports teams and tour operators), governments, Royal households and high net worth individuals, who require our skills and expertise to solve often complex aviation requirements. The projects themselves can range from one-off charters, particularly for high net worth individuals requiring a private jet, to much longer or more complicated projects spanning many months or multiple rotations. Our ability to meet and exceed our customers’ expectations when delivering these solutions allows Air Partner to build long-term relations with these customers as they understand and appreciate what we can do for them. While each segment of Air Partner’s business specialises in a different area of aviation charter, the services are complimentary and often service the same customer, allowing us to deliver the same level of service wherever they are in the world. Air Partner’s brand and status as a listed plc allow us to stand out among our peer group, and certainly places us above the large number of new and smaller players.

While low barriers to entry into the air charter market have resulted in a competitive landscape, Air Partner’s brand, size and status provide a number of advantages over our competitors, 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; and
- 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 a robust balance sheet.

Air Partner has recently begun to invest in technology to enhance our ability to provide a consistent level of service across the Group, as well as deliver the opportunity to make a number of operational efficiencies, which are so critical in a low margin business operating in such a competitive market. However, our greatest asset is our people and so investment to attract, retain and develop our people is critical to the ongoing success of Air Partner. Our policy on investment in new talent is closely aligned to our focus on key markets and where we are likely to achieve the greatest return.

In summary, Air Partner’s main assets are its people, its client relationships, its brand and its IT. Given the relatively low capital requirements of the broking business, the surplus cash generated by the business is available for reinvestment and distribution to shareholders. Our unique position as the only listed aircraft broker also allows us to reward our people with equity schemes, thereby aligning their objectives with those of our shareholders.

Air Partner’s vision is to use our knowledge and expertise, acquired over more than 50 years of trading, to provide innovative solutions to exceed our customers’ needs and make every flight a superior experience. This in turn will enhance the value of our brand, grow sales and profits, and deliver long term value to our people and shareholders.

There are five key pillars under-pinning our vision:

Key element	Description
Putting our customers first	<p>In such a competitive market place, repeat business is the most effective and efficient way to achieving sustainable growth.</p> <p>Our aim is to become industry leaders, famous for differentiating ourselves from the competition, putting the customer first in all we do and delivering an elevated customer experience consistently and proactively.</p>
Focusing on our core offering	<p>Air Partner is looking to strengthen its core offering, broking, by developing its existing people and looking to recruit individuals or teams where they can bring opportunities.</p>
Developing and retaining our people	<p>Our people are critical to delivering our objective of putting the customer first and ensuring we have the ability to deliver our core product offering. To ensure we retain and develop our people, Air Partner:</p> <ul style="list-style-type: none">• Has a commitment to training, especially through a long-standing partnership with Cranfield University, as well as professional training for finance and internal courses;• Gives employees experience of working in other parts of the Group, where appropriate;• Offers performance related remuneration, such as commission for brokers as well as bonuses for achieving local, Group and personal targets; and• Operates a structured and regular appraisal process.
Creating and maintaining a diversified portfolio of customers	<p>While each segment of our business provides a different service or expertise, they all remain interconnected.</p> <p>In addition, addressing new markets, both geographically and by function, should spread the risk and smooth the impact of economic cycles in specific markets.</p> <p>It should be noted that no one customer represents greater than 10% of Air Partner’s revenues, which was the case as recently as in the financial year ended 31 July 2012.</p>
Building the Air Partner brand	<p>The air charter market is fragmented and highly competitive, and therefore differentiation is key to being able to stand out from the competition. Air Partner has traded longer than any of its competitors and has over 50 years of accumulated knowledge and skills, and remains the only publicly traded aircraft broker globally. In addition, Air Partner has achieved ISO 9001 accreditation.</p> <p>Air Partner’s size and scale enables us to fulfil projects that some of our competitors could not begin to achieve, and the strength of our balance sheet also instils confidence in our customers and stakeholders. In addition, the Group’s scale enables the simplification and consolidation of back office functionality in order to achieve efficiencies.</p>

LAUNCHING A GLOBAL PRODUCT...

**20,000
PASSENGERS
FROM 70 COUNTRIES
FOR A PERFECT START
TO THE EVENT**

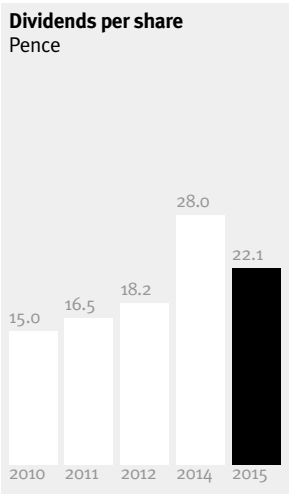
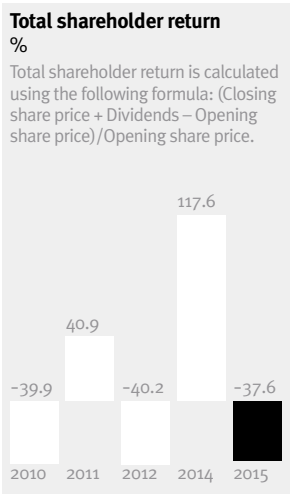
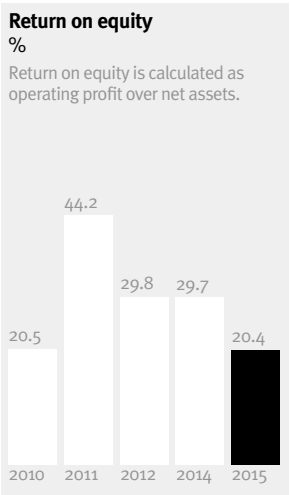
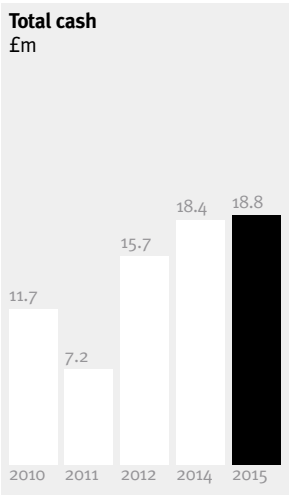
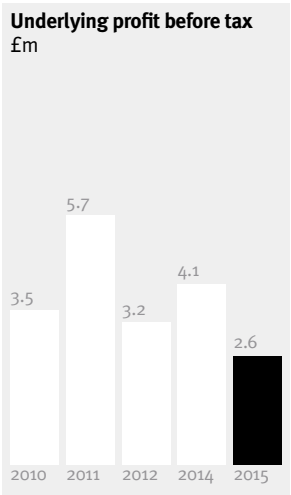
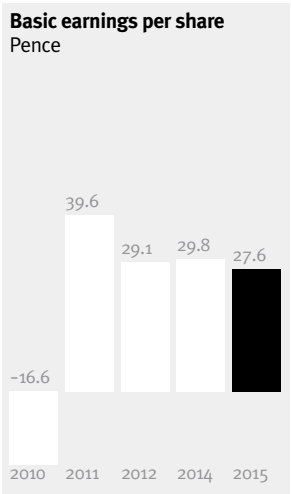
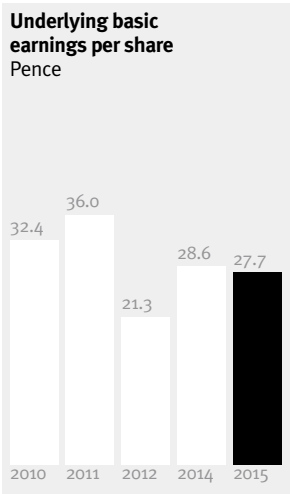
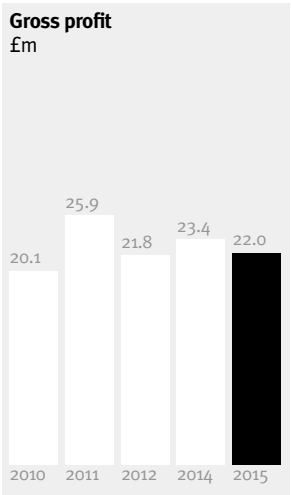
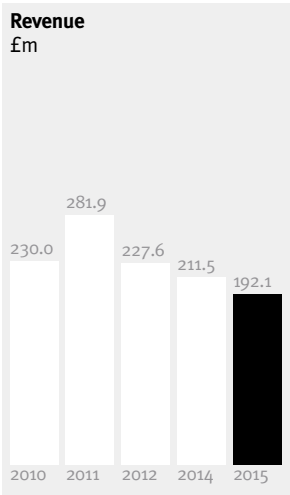
OVER A PERIOD OF NINE WEEKS AIR PARTNER FLEW A CLIENT'S 20,000 GUESTS FROM DIFFERENT DEPARTURE AIRPORTS TO A GLOBAL PRODUCT LAUNCH IN GREECE, AND BACK HOME THE NEXT DAY. DURING THIS PERIOD WE ACHIEVED A 98% PUNCTUALITY RATE AND THE EVENT WENT LIKE CLOCKWORK. WITH GATE BUFFETS AT AIRPORTS, DIRECT TRANSPORT OF LUGGAGE TO HOTEL, AND EN-ROUTE HOTEL CHECK-IN, WE DELIVERED A MEMORABLE BRANDED EXPERIENCE STARTING AT EVERY SINGLE DEPARTURE AIRPORT. AIR PARTNER EXPERTS WERE ON DUTY AROUND THE CLOCK TO MAKE SURE THE INTEGRAL AIR TRAVEL PART OF THE LAUNCH EVENT WAS A SUCCESS.



The Group’s Key Performance Indicators (“KPIs”) 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. All KPIs 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 our customers. 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.

Key performance indicators for the last five financial years, being the financial years ended 31 July 2010, 31 July 2011, 31 July 2012, the unaudited pro-forma financial year ended 31 January 2014 and the financial year ended 31 January 2015 are set out below:



FOR A SURPRISE FAMILY WEEKEND...

18hrs AFTER BOOKING EVERYONE IS ON THE SLOPES

WITH A CLEAR WEEKEND AHEAD AFTER A TOUGH WEEK AT WORK, THE JETCARD OWNER CONTACTED US TO BOOK A JET TO VERBIER WITH THE FAMILY. WE SWIFTLY IDENTIFIED THE RIGHT AIRCRAFT, CAPABLE OF LANDING AT SION – THE AIRPORT CLOSEST TO THEIR FAVOURITE SLOPES – AND ABLE TO CARRY ALL THEIR SKI GEAR. WE REDUCED THE CHECK-IN TIME TO LESS THAN 20 MINUTES BEFORE TAKE-OFF. ON ARRIVAL A SHORT TRANSFER TO THE RESORT, THEN STRAIGHT ONTO THE SLOPES TO MAXIMISE BOTH SKIING AND FAMILY TIME. THE 24/7 OPERATIONS TEAM MAINTAINED A WATCH ON THE WEATHER AND KEPT THE JETCARD MEMBER INFORMED AT EVERY STEP.

Air Partner’s customers are central to everything we do and to ensure that this remains the case, we require a strong team to deliver a quality service 24 hours a day, seven days a week. The efforts and talent of our people is critical to continuing the reputation for which the Air Partner brand is known: the experience and knowledge to make delivering the impossible a matter of routine.

Our customers

Our customers are critical to our ongoing success, so we take the time to understand their needs, down to the smallest details, so we can deliver a better service.

Air Partner provides a number of services where our knowledge, service offering and relationships mean that we are able to deliver a higher level of service than our competitors. However, this is not the case in all our geographical locations or sectors, but this simply provides us with the opportunity to grow and develop Air Partner’s brand.

Air Partner’s client base is incredibly diverse: governments, royal households, tour operators, financial institutions, commodities companies, sports teams, high net worth individuals and celebrities all use our services. However, we endeavour to offer all our clients the same level of bespoke service to deliver a tailored solution to their specific aviation related needs.

Our people

Air Partner’s most important asset is its people and teamwork is the cornerstone of our business. We are known within the market for consistently delivering the impossible as a matter of routine and our ability to achieve this stems from having a high performing, dedicated and customer focussed team. We invest in our people and provide them with an environment in which they feel included, valued, empowered and able to reach their full potential. Having a team of skilled and motivated brokers with the experience to deliver the levels of service our customers expect is critical for our ongoing success. Whether our people are experienced, professional support staff or part of our sales and broking team, everyone is expected to contribute to the success of the business. Accordingly, we recognise the hard work and dedication of our team by linking remuneration to performance throughout the business and we actively encourage personal development by offering a range of training options to build the capabilities of our team for the future and encourage the behaviours needed to deliver our business strategy.

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 people 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 Group is also committed to providing a professional and safe working environment for all our people, which is achieved through the application of our policies throughout the organisation.

The Air Partner team is comprised of people with a broad range of backgrounds and has not adopted a quota system, preferring to appoint the best candidate for any position. Instructions to external agents for appointments require that agent to provide a list of candidates from as many different backgrounds as possible.

As at 22 April 2015, Air Partner had five directors, all of whom were male. Of the Group’s 180 employees, 99 were male and 81 female and of its 13 senior managers, including the Leadership Team, 2 were female.

Air Partner has a responsibility to conduct business in an ethical and transparent way. Accordingly, we adhere to a set of business principles including a commitment to internationally proclaimed human rights standards. The Company has in place internal policies to support recognised human rights principles. These include policies on non-discrimination, health and safety, anti-bribery and environmental issues. We also maintain a zero tolerance approach to bribery and corruption and a programme of internal training is in place to ensure that all staff are aware of the Group’s policies.

As a relatively small services group, we have a small direct footprint in terms of human rights, social and community issues but we recognise that the markets in which we operate can have a considerable impact on these areas and our behaviour and advice can have a positive effect.

Recruiting and developing talent

Our people are critical to delivering our objective of putting the customer first and ensuring we have the ability to deliver our core product offering. We work hard to attract, recruit and retain the best people in our industry and have a commitment to training and continued professional development. We encourage and support our people in achieving their full potential by providing a range of learning and development courses designed to build the capabilities and encourage the behaviours needed to deliver our business strategy. The Group provides induction training 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.

As part of our commitment to continual staff development, each individual is set personal objectives in line with their specific role and / or development needs. Our people have a key role in shaping their own development through regular discussions with their managers. Financial targets are set and measured on a quarterly basis against the annual budget and personal objectives are scored using clear criteria, with overall scores being linked to a proportion of an annual performance bonus. Individual objectives are derived directly from the team objectives, and the divisional objectives of the business as a whole. The performance review process links back directly to the performance of the individual, performance of the business against our core business strategy, the mission statement and ethos and the brand values.

Air Partner aims to strike a balance between internal promotions and strategic external hires. Our commitment to development allows us to create a pool of management and leadership talent, which has led to us filling many management positions with internal candidates. A culture of advancement encourages our team to work harder, which boosts productivity, cultivates loyalty and keeps our people focused on business goals. Hiring externally where required is however also recognised as essential for the growth, innovation and the overall sustainability of the business for the longer term.

Our brand, reputation, experience and knowledge

Air Partner has been working in the aviation industry for over 50 years, which gives us the strength of service to provide every type of business any type of aircraft, for every conceivable mission, in every country in the world. As we have been in the broking industry longer than anyone else, our team of aviation professionals regularly organise some of the most complex civil aviation operations flown in the world today and have therefore developed world-class procedures and processes for each sector we operate in. Furthermore, we have relationships with the majority of aircraft operators which allows us to select the aircraft appropriate for our customer’s needs, and also ensuring the operator adheres to strict quality standards and, if required, can also assist our customers in selecting aircraft that meet their environmental concerns via our carbon offset programme. This means that our customers have access to our experience and proven techniques to match all their specific needs. Air Partner has also achieved ISO 9001:2008 certification, compliant for commercial airline and private jet solutions worldwide.

DELIVERING EMERGENCY POWER...

WITH A
7,500kVA
STANDBY
POWER SYSTEM

A TOTAL BLACKOUT
WAS PREVENTED

THE DENSELY POPULATED TOWN OF TOAMASINA, ON MADAGASCAR'S HUMID EAST COAST, WAS THREATENED WITH A TOTAL POWER BLACKOUT DUE TO AN ENERGY SHORTFALL IN LATE 2014. IN CONSTANT COMMUNICATION WITH THE SPECIALIST MANUFACTURERS, AIR PARTNER WORKED AGAINST THE CLOCK TO GET A GENERATOR SYSTEM FLOWN FROM A WAREHOUSE IN THE UK TO MADAGASCAR'S CAPITAL, AND DELIVERED ON TRUCKS 500KM CROSS-COUNTRY, IN TIME. THIS WAS A 'NEAR-IMPOSSIBLE FEAT', ACCORDING TO THE POWER SYSTEM'S MANUFACTURERS.

The pervasive risk to Air Partner’s business is the fact that 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 aircraft supply as operators consolidate or leave the market. These trends are outside the Group’s control but the strategy remains to diversify in order to address seasonality and changes in the client mix.

However, this risk is balanced in so much as 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 on page 31. The Group maintains a risk register and this is regularly reviewed and updated by the Audit Committee, with appropriate actions being taken to address the risks identified.

The principal risk to the Group’s business stems from the general economic conditions in which our clients operate, affecting their willingness and ability 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
Market conditions	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, as well as across geographic regions, allows for some smoothing when there are seasonal or sectorial changes in demand.
Reputational risk	Failure of aircraft or operator 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. In addition, there is both an internal audit and external audit process, the latter performed as part of the ISO accreditation.
Cost structure	Air Partner is a low margin business, with little visibility of forward earnings and its cost structure may not flex sufficiently in line with a change in market conditions.	There is a continual senior management focus on overheads to ensure they are appropriate to the level of business and appropriate action is taken if necessary.
Cash management	Air Partner has to make payments to operators in advance of the flight occurring so there is a risk of loss of payment in the event of the failure of the operator and/or liquidity issues when it is necessary to fund large-scale projects for larger government or corporate clients.	Air Partner’s process to review operators used includes an assessment of their financial strength to mitigate the risk of making payments to businesses that fail. In addition, and in the event of large deposits being required for a prolonged series of flying, bank guarantees are used instead of cash deposits. The Group also maintains a small overdraft facility to ensure it does have adequate liquidity in the event of having to fund large-scale projects.
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 the 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.
Staff retention and succession	The ability to retain key staff is important to Air Partner as earnings could be lost if such people left.	Ensuring we offer competitive remuneration packages, LTIPs and focus on staff development and welfare. In addition, the Group looks to develop succession plans to mitigate reliance on key individuals.
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 and in 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.

Directors’ approval statement

This Strategic Report has been reviewed and approved by the Board of Directors on 22 April 2015.

Neil Morris
Chief Financial Officer



Richard Everitt (66)
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 Chief Executive of the Port of London Authority from 2004 until 2014. Richard was appointed as Non-executive Chairman on 9 February 2012.

AC RC NC



Mark Briffa (50)
Chief Executive Officer

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 Chief Executive Officer 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.

NC



Neil Morris (39)
Chief Financial Officer

Neil was appointed Chief Financial Officer at the AGM in June 2014 having held the position of interim Chief Financial Officer from April 2014 and Group Financial Controller prior to that. Neil was previously Group Finance Director of All Leisure Group plc, an AIM traded tour operator, and before that spent 11 years at Deloitte LLP, primarily working in the aviation and travel sector.



Andrew Wood (63)
Senior independent
Non-executive director

Andrew joined the Board in June 2011 and is the Senior Independent Director and Chairman of the Audit Committee. From 1995 to 2000, he was Group Finance Director of RACAL Electronics Group and from 2001 to 2010, he was Group Finance Director of BBA Aviation plc. A chartered management accountant, Andrew is also a non-executive director and Chairman of the Audit Committee of Berendsen plc and Lavendon Group plc and Stobart Group Limited.

AC RC NC



Peter Saunders (67)
Independent
Non-executive director

Peter Saunders joined the Board in September 2014 and became Chairman of the Remuneration Committee in March 2015. Peter was Chief Executive Officer of Board Shop International plc from 2002 to 2008 and is currently a non-executive director of Canadian Tire Corporation, Godiva Chocolatier NV, Total Wines & More and Jack Wills Limited. Peter brings to the Board a wealth of experience in marketing and customer service.

AC RC

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

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.



Dear Shareholders

We are committed to conducting business responsibly and to achieving a high standard of corporate governance. We believe this is essential to our reputation and to the continuing support of our shareholders, clients, employees and other stakeholders.

The Board supports the principles and provisions set out in The UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 (“the Code”). This statement and the Director’s remuneration report on pages 46 to 64 explain how the Board and its sub-committees operate and how the Company has complied with the Code during the year ended 31 January 2015.



Richard Everitt
Chairman
22 April 2015

Compliance with the UK Corporate Governance Code

The Board recognises the importance of high standards of corporate governance and is committed to managing the Group’s operations in accordance with the Code. A full version of the Code can be found on the Financial Reporting Council’s website: <http://www.frc.org.uk>. The September 2012 edition of the Code applied throughout the financial year under review. The Board believes that the Company has complied with the Main Principles and supporting provisions of the Code during the year.

The Listing Rules require that we state how we have applied the Main Principles set out in the Code. This information, together with the required detail on specific Code Provisions is set out in this Corporate governance statement. Detailed reports on the Nominations committee, the Audit committee and the Remuneration committee can be found on pages 42 to 64.

A. Leadership

A.1 The role of the Board

The Board’s role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group’s strategic aims and ensures that the necessary resources are in place to achieve those aims. The Board met eight times during the year. There is a clear schedule of matters reserved for the Board, together with delegated authorities throughout the Group.

A.2 Division of responsibilities

The roles of the Chairman and the Chief Executive Officer are clearly defined. The Chairman, Richard Everitt, is responsible for the leadership and effectiveness of the Board. The Chief Executive Officer, Mark Briffa, is responsible for leading the day-to-day management of the Group in line with the strategy set by the Board.

A.3 The role of the Chairman

The Chairman sets the agendas for the Board meetings, manages the meeting timetable in conjunction with the Company Secretary and promotes open and constructive debate between directors and non-executive directors during meetings.

A.4 The role of non-executive directors

The Chairman actively invites the non-executive directors’ views. They provide constructive challenge to management and help develop proposals on strategy.

B. Effectiveness

B.1 The composition of the Board

When making appointments to the Board, the Board and the Nominations Committee consider the wide range of skills, knowledge and experience required to maintain an effective Board.

B.2 Board appointments

The Board is responsible for the appointment of executive directors. The appointment of new non-executive directors to the Board is led by the Nominations Committee. The Nomination Committee report is on page 42.

B.3 Commitment

When appointed, directors are informed of the time commitment expected from them.

B.4 Development

All directors attend an annual Strategy Day with the Leadership Team and other senior managers. As part of the annual effectiveness evaluation undertaken by the Board, the training and development needs of each director are assessed. Newly appointed Board members are entitled to receive a full and tailored induction. Following this induction, meetings are arranged with key executives and managers within the business to provide ongoing education and information about the business.

B.5 Information and support

The Chairman, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information.

B.6 Board evaluation

During the year, the Board and its committees undertook an evaluation of their performance.

B.7 Re-election of the directors

All directors are subject to election by shareholders at the first AGM after their appointment, and to re-election thereafter at intervals of no more than three years.

C. Accountability

C.1 Financial and business reporting

The Board is responsible for preparing fair, balanced and understandable financial information. The strategic report is set out on pages 1 to 31 inclusive and this provides information about the performance of the Group, the business model, strategy and the risks and uncertainties relating to the Group’s business.

C.2 Risk management and internal control systems

The Board sets out the nature and extent of the significant risks and maintains sound risk management and internal control systems. Further information on risk management and internal control systems is set out on page 40.

C.3 The role of the Audit Committee

The activities of the Audit Committee which assists the Board with its responsibilities for risk management, internal control and its relationship with the auditors are set out in the Audit committee report on pages 43 to 45.

D. Remuneration

D.1 Setting levels of remuneration

The Remuneration Committee sets levels of remuneration to attract, retain and motivate the Board but also structures executive remuneration so as to link rewards to corporate and individual performance.

D.2 Development of executive remuneration policy and packages

The activities of the Remuneration Committee and its approach to setting the remuneration policy can be found in the Directors’ remuneration report set out on pages 46 to 64.

E. Relations with shareholders

E.1 Shareholder contact

The Board values opportunities to meet with shareholders and is kept informed of shareholder views.

E.2 Annual General Meeting

The Board welcomes the opportunity to meet with shareholders at the Annual General Meeting.

Leadership

Role of the Board

The Board carries ultimate responsibility for the effective direction and control of the Group’s business.

The Board’s activities during the year have included monitoring the financial reporting process, monitoring the effectiveness of internal control, internal audit, and risk management systems, monitoring the statutory audit of the annual report and financial statements, reviewing and monitoring the independence of the external auditor, and the level of non-audit work performed by the auditor. Additionally, the Board also reviews trading performance against strategic initiatives and financial targets set at the beginning of the year. The Board meets formally at least five times a year with additional meetings as necessary.

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 <http://www.airpartner.com/en/investors/governance-documents>. The Board receives reports at each meeting from the Chief Executive Officer, the Chief Financial Officer and, following meetings of Board Committees, from their respective Chairmen.

The Board currently comprises the Chairman, two Non-executive directors and two Executive directors. 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. The Non-executive directors’ other directorships are listed in their biographies on pages 32 and 33.

Clear responsibilities are allocated to each of the Non-executive Chairman, the CEO, the CFO and the Senior Independent Director. These responsibilities are set out in writing and are available from the Company Secretary or at <http://www.airpartner.com/globalassets/investors/governance-documents/board---roles-and-responsibilities-of-key-board-members---march-2015.pdf>.

Effectiveness

Composition of the Board

The composition of the Board is shown on pages 32 and 33.

During the year, the following changes took place:

As previously announced in the 2014 Annual Report, Gavin Charles, former Chief Financial Officer, resigned as a director of the Company on 30 April 2014. Neil Morris was appointed interim Chief Financial Officer on 1 April 2014 (becoming a statutory director on 1 May 2014) to allow for a transitional handover period and on 5 June 2014, it was announced that Neil Morris would be appointed as Chief Financial Officer with immediate effect.

Tony Mack resigned as a director on 5 June 2014.

On 20 August 2014, it was announced that Peter Saunders would be appointed as a Non-executive director of the Company with effect from 18 September 2014 and that Chuck Pollard would retire as a Non-executive director with effect from 2 December 2014.

On 13 March 2015, it was announced that Grahame Chilton would resign as a Non-executive director of the Company with effect from 16 March 2015.

Board meetings

Details of the number of meetings of the Board and its committees held during the year, and the attendance of each director at those meetings, are set out below.

Number of meetings	Main Board	Audit Committee	Remuneration Committee	Nominations Committee
Executive Directors				
Mark Briffa	8/8	1/3	3/4	1/1
Gavin Charles*	1/1	1/1	–	–
Neil Morris†	7/7	2/2	–	–
Non-executive Directors				
Richard Everitt	8/8	3/3	4/4	1/1
Tony Mack‡	3/3	1/1	1/1	–
Chuck Pollard±	7/7	3/3	3/3	–
Andrew Wood	8/8	3/3	3/4	1/1
Grahame Chilton	6/8	–	4/4	–
Peter Saunders†	5/5	1/1	1/1	–

* Gavin Charles resigned as a director on 30 April 2014.
† Neil Morris was appointed as a director on 1 May 2014.
‡ Tony Mack resigned as a director on 5 June 2014.
± Chuck Pollard resigned as a director on 2 December 2014.
† Peter Saunders became a director on 18 September 2014.

Neil Morris and Mark Briffa are not members of the Audit Committee but attend meetings when appropriate by invitation.

Mark Briffa is not a member of the Remuneration Committee but attends meetings when appropriate by invitation.

Other senior executives are regularly invited to attend meetings for specific items.

Board committees

The Board has three committees, Audit, Nominations and Remuneration, to which the Board has delegated certain responsibilities. Each of the Board committees comprises solely non-executive directors, with the exception of the Nominations Committee, of which Mark Briffa is a member. The principal activities of each committee are set out in their respective reports on pages 42 to 64. Executive directors also attend meetings of the committees when required to do so by the chair of the relevant committee.

The current membership of each Board committee is as follows:

Director	Remuneration	Audit	Nominations
Richard Everitt	X	X	X*
Peter Saunders	X*	X	X
Andrew Wood	X	X*	X

* denotes the chair of the relevant committee.

The Nominations Committee report is set out on page 42.

The Audit Committee report is set on pages 43 to 45.

The Remuneration Committee report is set out in the Directors’ remuneration report on pages 46 to 64 and is included in this Corporate Governance Statement by reference.

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 matters 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 are 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.

Independence of Non-executive directors

The Board considers all the Non-executive directors to be independent. Given their relatively small shareholdings, the Board does not believe that these impact on the independence of Richard Everitt and Andrew Wood.

Board performance evaluation

The Company continues each year to evaluate the performance of the Board and its committees. In 2014, the Board’s effectiveness was assessed internally by way of a questionnaire completed by Board members and the results evaluated by the Chairman and the Company Secretary. A further Board evaluation exercise will be undertaken during 2015.

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.

Re-election of directors

Following his appointment to the Board on 18 September 2014, Peter Saunders will stand for election at this year’s Annual General Meeting. The Board recommends the election of Peter Saunders as listed in the separate Notice of Annual General Meeting.

In accordance with best practice, all other directors will resign at this year’s AGM and stand for re-election.

Accountability

Risk management and internal control

During the period, the full Board was responsible for the Group’s system of risk management and internal control and for reviewing its effectiveness, though reports are provided in the first instance to the Audit Committee by the Chief Financial Officer. The Board has established an ongoing process for identifying, evaluating and managing significant risk. This process is reviewed regularly by the Board.

The key internal procedures in place for the year ended 31 January 2015 and up to the date of approval of the Annual Report 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, purchasing commitments and the extension of credit to clients; 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. Adherence to these limits and controls are tested on an ongoing basis as part of the internal audit process;
- 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; and
- 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.

The Board confirms that it has complied with the Code with regard to its responsibilities relating to risk management and internal controls.

The directors reviewed the effectiveness of the Group’s internal control and risk management systems during the year. In their review, the directors considered 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.

Whistle-blowing

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 the Company.

Relations with shareholders

The Board recognises the importance of effective communication with shareholders, analysts and the financial press and is keen to gain an understanding of the views of both institutional and private individual shareholders. This is conducted primarily through meetings of the Chief Executive Officer and Chief Financial Officer with analysts and significant shareholders following both the interim and preliminary announcements of the results of the Group, and the Chairman and Senior Independent Director are available if requested. Feedback of shareholder meetings is provided via the Group’s corporate stockbroker.

The Board exercises care to ensure that all information, including that which is potentially price sensitive, is released to all shareholders at the same time in accordance with applicable legal and regulatory requirements.

Annual General Meeting

The Company welcomes the participation of shareholders at its Annual General Meeting. The Chairmen of the Board and its Committees will be available at the AGM to answer questions that might arise. During the year under review, the AGM was held in June 2014 and each member of the Board attended and was available to take questions. All shareholders will be entitled to vote on the resolutions put to the AGM and all votes cast will be counted, whether in person or by proxy, by means of a poll on every resolution in the Notice of AGM. The results of the votes on the resolutions, including the number of votes for and against each resolution and the number of shares for which the vote was directed to be withheld, will be given at the meeting, made public by means of an announcement through a Regulatory News Service and published on the Company’s website.

The AGM for 2015 will be held at 11am on Thursday 4 June at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 oPA. The Company confirms that it will send the Notice of AGM and related documentation to shareholders at least 20 working days before the meeting, either by post, to those shareholders who prefer a paper copy, or by email to those shareholders who have agreed that the Company can communicate with them electronically. Both the Notice of AGM and the Proxy form are available to download from the Investors section on the Company’s website.

Website information

All shareholders and potential shareholders can access investor related information on the share price, corporate governance, Annual Reports, presentations to investors, AGM documentation, regulatory news and other information about Air Partner in the Investors section of the Company’s website, www.airpartner.com. This site also provides contact details for any investor-related queries.

Dear Shareholder

The principal purpose of the Nominations Committee (“the Committee”) is to lead the process for the appointment of new non-executive directors to the Board.

Membership will vary but the terms of reference for the Committee have been agreed by the Board and are available online at <http://www.airpartner.com/en/investors/governance-documents/>. The Committee is made up of three directors, including one Executive director.

When proposing appointments of non-executive directors, the Committee considers the independence, 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 executive management.

Changes to non-executive roles

In July 2014, the Nominations Committee made up of Richard Everitt, Andrew Wood and Mark Briffa made a decision to seek a non-executive director with the appropriate expertise to assist the Board in developing the Customer First programme and its US retail business. The Board consulted with its advisers to obtain recommendations and after careful consideration, recommended to the Board that Peter Saunders be appointed as a Non-executive director.

Chuck Pollard resigned from the Board on 2 December 2014 after serving five years as a Non-executive director.

Diversity

The Company is a team made up of people with a broad range of backgrounds. Our policy is to ensure that the best candidate is selected to join the Board; this policy will remain in place going forward and the Board does not intend to adopt a quota system with prescriptive, quantitative targets. 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.

On behalf of the Nominations Committee



Richard Everitt
Chairman
22 April 2015

Dear Shareholder

The Audit Committee (“the Committee”) supports the Board in maintaining sound risk management and internal control procedures. It is responsible for ensuring that appropriate corporate reporting, risk management and internal control systems are applied throughout the Group and reports regularly to the Board.

The Committee’s principal duties are to monitor the integrity of the Company’s financial statements, to review the consistency of, and any changes to, accounting policies and standards, to review on behalf of the Board the effectiveness of audit procedures and the work of the internal and external 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 Committee is required to report its findings to the Board, making any necessary recommendations for action or improvements.

The Committee’s terms of reference can be found on the Company’s website <http://www.airpartner.com/en/investors/governance-documents/>.

Membership

The Audit Committee is made up of the Non-executive directors:

- Andrew Wood (Chairman)
- Richard Everitt
- Peter Saunders

Andrew Wood, a chartered management accountant, is considered to have recent and relevant financial experience. Biographies of the Non-executive directors are set out on pages 32 and 33.

Although not members, the external auditor, Deloitte LLP (“Deloitte”), the Chief Executive Officer and the Chief Financial Officer 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 CEO or the CFO being present. Deloitte attended all meetings during the year.

Meetings

The attendance of directors at the meetings of the Committee is set out on page 39.

The Committee met three times during the year.

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 the process for risk management and continues to review internal control developments.

Significant issues related to the financial statements

The significant accounting and audit matters considered by the committee and discussed with the external auditors during the year and in relation to the 31st January 2015 year end were:

Change in segmental reporting

Following a change in management structure together with the closure of the Fuel department, a review of the Group’s segmental reporting was undertaken. This resulted in the aggregation of Emergency Planning into the Commercial Jets department. In addition, overheads, with the exception of corporate costs, are allocated to the Group’s operating segments in relation to operating activities. The prior segmental analyses have been restated to reflect these changes. These changes better reflect the way the Group’s results are reported to the Board and are consistent with the approach adopted by other entities.

The completeness of provisions against operator prepayments

It is Air Partner’s policy to negotiate contract terms with aircraft operators which minimise deposit payments and align the final flight payment with the flight date as closely as possible. In addition Air Partner’s internal quality control function assesses aircraft operators prior to selection to ensure that only operators of the highest quality are used. Further to ensuring the completeness of the provisions against prepayments, the Committee sought to ensure that the control procedures pertaining to the authorisation of payments to operators were complied with via the internal audit process.

The accuracy and occurrence of revenue recognition

Given Air Partner normally receives payment for flights in advance of departure, and can also arrange multi-leg charters that involve flights either side of the balance sheet date, there is a risk of revenue being recognised either too early or in the incorrect accounting period. This risk is mitigated by monthly reconciliations undertaken between the Group’s flight booking system and finance system which results in the identification, investigation and, if necessary, the adjustment of reconciling items. These reconciliations are reviewed monthly by senior finance staff.

Completeness of operator accruals

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 differ from the actual outcome. Judgment is exercised when assessing the level of provisions necessary and the Committee requires that prudent but reasonable discretion is exercised on matters of judgment. The Committee determined that the level of accruals was reasonable following a detailed review of the controls and the level of accruals in relation to trading activity in the period before year end.

The valuation of goodwill relating to Air Partner S.A.S.

The French subsidiary incurred a trading loss during the year and was a particular area of focus when considering the carrying value of goodwill. Results of the Group's annual review for impairment showed that there is no impairment, and after considering reasonable stress testing concluded that the assumptions demonstrated that significant headroom existed.

Revenue and cost of sales recognition in relation to Air Crew Maintenance and Insurance ("ACMI") contracts and travel agent services

During the year, a review of the Group's accounting for certain contracts relating to its Aircraft, Crew, Maintenance and Insurance (ACMI) and travel agent departments was undertaken. Following this review, revenue and cost of sales in the prior period were restated as shown on note 2 to the financial statements.

These changes were agreed with the Group's external auditor during the annual audit.

Other areas:

Adoption of new contract approval policy

During the year, and to improve the control environment relating to the Group's contract approval process, a new contract approval policy was introduced across the Group. This new policy reduced the threshold for which contracts i) needed two signatures; and ii) required approval by a product director. Adherence to the revised policy has been ensured through the internal audit process as well as ongoing spot checks performed by the Group's finance department.

External audit

Deloitte was appointed as the Group's external auditor in 2011. The Group's current audit engagement partner was appointed during the period ended 31 January 2014, with the next partner rotation being due after 31 January 2018.

Prior to the audit being conducted, the Committee considered the content and scope of audit work and the audit fees proposed by Deloitte and discussed changes in accounting policies and new developments within the business which might affect financial reporting going forward.

A formal report was received from Deloitte, in respect of the audit and matters arising from the report were discussed prior to the Board's approval of the financial statements.

In assessing the effectiveness of the external audit process by the Committee, the auditors were asked to articulate the steps that they have taken to ensure objectivity and independence. This year, the Committee reviewed and challenged the external audit plan to ensure that having identified potential areas of risks, that Deloitte would employ effective audit procedures to examine them. The Committee monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Audit Committee's decision to recommend reappointment on an annual basis.

Deloitte also provides 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 during the year was £56,000 (eighteen months ended 31 January 2014: £61,000).

Internal audit

In 2013, the 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 annual internal audit visit with smaller offices reviewed less frequently. The findings of the internal audit work programme are presented to the Committee for review. The internal audit function is not fully independent of management as it is currently staffed by a senior member of the Group finance function.

No significant deficiencies in the system of internal controls were identified following the internal audit review.

Fair, balanced and understandable

The Board sought advice from the Committee that the information presented in this annual report, when taken as a whole, is fair, balanced and understandable and contains the information necessary for shareholders to assess the Group's performance, business model and strategy.

The steps taken by the Committee, or on its behalf, to provide this advice to the Board included setting up a committee of senior individuals within the Group to draft the annual report, with each of these individuals having responsibility for the production of certain sections of the document.

Following a detailed review of the annual report, the Committee concluded that it was fair, balanced and understandable and advised the Board accordingly.

Discharge of responsibilities

During the year, the Audit Committee has continued its detailed scrutiny of the appropriateness of the Group's system of risk management and internal controls, the robustness and integrity of the Group's financial reporting, along with both the internal and external audit processes.

The Committee has devoted significant time to reviewing these areas, which are integral to the Group's core management and financial processes, as well as engaging regularly with management.

The Committee has, where necessary, taken initiative in requesting information in order to provide the appropriate constructive challenge for its role. During the course of the year, the information that the Committee has received has been timely and clear and has enabled the Committee to discharge its duties effectively.

Approval

On behalf of the Audit Committee



Andrew Wood
Chairman of the Audit Committee
22 April 2015

Directors’ remuneration report
Annual statement by the Chairman
of the Remuneration committee

Dear Shareholder

On behalf of the Remuneration Committee (“the Committee”), I am pleased to present the Directors’ remuneration report for the year ended 31 January 2015. The information set out on pages 46 to 64 of this report includes, as indicated, the auditable disclosures referred to in the Auditor’s report on pages 59 to 64 as specified by the UK Listing Authority and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (“the Regulations”).

I have set out in my statement the following information:

- The Committee’s philosophy for remuneration;
- The key activities of the Committee during the year; and
- The key areas of focus for the Committee during 2015 and 2016.

As required by the Regulations, the rest of this report is divided into two sections:

- The Directors’ remuneration policy which sets out the Company’s policy on director remuneration, including proposed changes to the policy, as detailed below, which will be put to the shareholder vote at the forthcoming Annual General Meeting on Thursday 4 June 2015; and
- The Annual report on remuneration which sets out payments made to the Directors which also will be put to shareholder vote at the forthcoming AGM.

Our remuneration philosophy

The Group’s total remuneration packages are designed to be competitive to attract, retain and motivate high quality individuals throughout the business. Our packages aim to recruit talented executives and senior managers capable of effectively delivering on the Group’s strategy and driving business outcomes through their teams, thereby enhancing long term shareholder value.

The principles of our remuneration policy are to:

- Ensure overall remuneration is market competitive to attract and retain the leadership and talent required to drive the business for the benefit of all stakeholders;
- Adopt a simple, transparent and cost effective approach to remuneration which is clear and understandable for business leaders, shareholders and the wider team;
- Align compensation to performance and incorporate a balance of fixed and variable remuneration;
- Design incentive plans which reinforce both short and long-term behaviours, promote long-term development and support the strategic plans of the business; and
- Ensure remuneration packages motivate and incentivise Executive directors, management and the broader team to deliver on stretching performance targets.

Key remuneration issues during the year

- An annual review of the Executive directors’ remuneration was conducted to ensure that the packages offered are effective in promoting the Group’s strategy. This review included a benchmarking of remuneration packages against a selection of the Company’s peers resulting in an increase in Mark Briffa’s salary with effect from 1 February 2014 to align his package with that of the peer group;
- Consideration of the remuneration package for the permanent appointment of Neil Morris as Chief Financial Officer;
- Determining the extent to which the performance measures in respect of the incentives plan have been achieved; and
- Setting bonus targets following the approval of the financial budget.

Key areas of focus for 2015/16 and 2016/17

- The Committee believes the Executive directors’ fixed remuneration is appropriate to their roles and does not intend to make changes to this element of remuneration in the coming year;
- Following the benchmarking exercise, the Committee intends to increase the cap on maximum bonus for the Chief Executive Officer from 110.5% to 150% of salary and for the Chief Financial Officer from 82.975% to 100% of salary with effect from 1 February 2016;
- The Committee will look to introduce a deferred bonus plan whereby a proportion of the annual bonus may be deferred into shares;
- The Committee will be undertaking a review of the Long Term Incentive Plan (“LTIP”) and if deemed necessary will be seeking approval from shareholders for the implementation of a revised plan; and
- The Committee will introduce malus and clawback provisions in respect of annual bonuses and awards under the LTIP.

I will be available, together with my fellow Committee members, at our 2015 AGM to answer any questions or receive your feedback with regard to our policy and how we have implemented it.

On behalf of the Committee, I look forward to receiving your support at the AGM.



Peter Saunders
Chairman of the Remuneration Committee
22 April 2015

Compliance statement

This report complies with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules and applies the Main Principles relating to remuneration which are set out in The UK Corporate Governance Code.

The information contained in the following parts of this report has been audited: the table containing the single total figure of remuneration for directors and accompanying notes on page 59, pension entitlements on page 59, incentive awards made during the year on page 59, payments for loss of office on page 62 and directors’ beneficial interests in shares on page 62.

The remuneration policy report

This section of the report sets out the Directors’ remuneration policy (“the Policy”) as determined by the Committee.

Subsequent to the approval of the Policy at the 2014 AGM, the Committee intends to increase the cap on maximum bonus for the Chief Executive Officer from 110.5% to 150% of salary and for the Chief Financial Officer from 82.975% to 100% of salary with effect from 1 February 2016. This change has been reflected in the policy table below and will be subject to shareholder approval at the 2015 AGM.

Remuneration policy table – Executive directors

The following table sets out a summary of the Company’s remuneration policy for executive directors. Components in the table below are described in more detail on pages 55 to 57.

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	Supports the recruitment and retention of executive directors of the calibre required to fulfill the role without paying more than is necessary. Rewards executives for the performance of their role. Reflects the individual skills, experience and role within the Group.	Paid in cash. Normally reviewed annually to take effect on 1 August but exceptionally may take place at other times of the year. In determining base salaries, the Committee considers: <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	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. The Committee considers individual salaries at the appropriate Committee meeting each year.	N/A	None
Pension	Provides funds to allow executives to save for retirement. Provides a market competitive retirement benefit. Incentivises and encourages retention.	In determining pension arrangements, the Committee takes into account relevant market practice. The scheme is defined contribution. A salary sacrifice scheme is in operation for executive directors. Bonuses are non-pensionable.	Both the CEO and CFO receive a company contribution of 12.0% of basic salary.	N/A	None
Benefits in kind	Provides 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	Provides 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 is 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 equalisation arrangements.	There are a number of variables affecting the amount that may be payable, but the Remuneration 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 support the enhancement of shareholder value.	Paid in cash following announcement of financial year results. Bonuses are non-pensionable.	Maximum opportunity to achieve: <ul style="list-style-type: none">• CEO: 150% of base salary• CFO: 100% of base salary Bonus accrues from threshold levels of performance.	Both CEO and CFO bonus payment based on: <ul style="list-style-type: none">• Personal objectives: 30% based on performance towards Key Responsibility Areas (“KRA”) 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”)	Incentivises executives to achieve the Company’s long-term strategy and create sustainable shareholder value. Enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return of capital. Aligns with shareholder interests through the delivery of shares.	Awards vest after three years based on Group financial targets. Awards are in the form of nil-cost options and must be exercised within four years of vesting.	Maximum plan award of 150% of base salary to be used in exceptional circumstances. Usual award levels will be: <ul style="list-style-type: none">• CEO – 100 to 150% of base salary• CFO – 75 to 100% of base salary	LTIP award vesting is subject to a combination of 50% EPS and 50% TSR TSR : <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 EPS: <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	As per the Rules of the scheme awards will lapse if the executive leaves before the end of the Performance Period. Remuneration 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.

Approach to remuneration on recruitment

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 the Company’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 which shall not be offered in successive years;
- It may also offer awards on appointing an Executive director to “buy-out” remuneration arrangements forfeited on leaving a previous employer;

- Any arrangement established specifically to facilitate recruitment of a particular individual would take the form of performance-related variable remuneration. The value of this would be capped to be no higher, on recruitment, than the awards which the individual had to surrender in order to be recruited. The same remuneration policy as for the existing Executive directors would apply to the balance of the individual’s remuneration package. The Committee does not envisage any cash payment being offered which could be construed as a “golden hello”; and
- In the event of recruitment, the Committee may also grant awards to a new Executive director under Listing Rule 9.4.2 (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.

Executive director’s service contracts

The Executive directors have rolling service contracts that provide for a twelve months’ notice period by either party. Other than in circumstances such as gross misconduct or other immediate justifiable cause, the Company may terminate the Executive directors’ contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising salary, pension and other contractual benefits, such as accrued but unpaid annual leave. There is no provision in any of the service contracts of either Executive director for any ex-gratia payments.

Director	Date of service contract	Date of appointment	Unexpired term at 31 Jan 2015	Notice period
M Briffa	8 Feb 2012	1 Jan 2005	12 months	12 months
N Morris	6 Oct 2014	1 May 2014	12 months	12 months

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

Policy for payments for loss of office

Notice periods set in the 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.

The principles governing determination of payments for loss of office are:

- 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; and
- in case of poor performance, contractual termination payments may generate undue and potentially excessive reward; in such circumstances, the Committee will consider terminating a service contract on a fair basis, whilst protecting the rights of the Company.

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.

Gavin Charles entered into a service agreement with the Company on 23 June 2010 which was terminated by the Company on 30 April 2014 without due notice. The Company was therefore required to make a payment equal to the aggregate of Gavin Charles’s basic salary and the value of any contractual benefits for the notice period including any accrued but untaken holiday.

The 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 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.

Consideration of employee remuneration arrangements

The Company employs a number of people 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 people is built around a set of common reward principles on a framework altered to suit the needs of the business. Reward packages differ, taking into account a number of factors including seniority, role, 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 aligned and appropriate.

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 Remuneration Committee considers that specific circumstances require a different level of increase for Executive directors.

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 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 thereby 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 is 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 150% and 100% 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 – The 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, provided that this makes it harder for the Executive director to achieve the target, (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; and
- Make payment proposals on hiring a new Executive director which are outside the standard policy but as restricted and stipulated above under Approach to remuneration on recruitment.

Remuneration policy table – Non-executive directors

The Company intends to have at least two independent Non-executive directors on the Board at any time. The Board considers each of the Non-executive directors to be independent.

The Non-executive directors’ remuneration (including that of the Chairman) reflects the anticipated time commitment to fulfil their duties. Non-executive directors do not receive bonuses, long-term incentive awards, a pension or compensation on termination of their appointments.

The following table sets out a summary of the Company’s remuneration policy for Non-executive directors:

Remuneration element	Purpose and link to remuneration policy	Key features and operation (including maximum levels)
Fees	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.	<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 2015/16. The Company's current fee policy is as follows:</p> <ul style="list-style-type: none">• Basic fee – £30,000• Additional fee for Board Chairman – £30,000• Additional fee for Committee Chairman – £5,000

Recruiting Non-executive directors

When recruiting a new Non-executive director, the Remuneration Committee will follow the policy set out in the table above. No sign-on payments will be made to Non-executive directors and they will not be offered share options or LTIPs.

Non-executive directors’ letters of appointment

The Non-executive directors do not have service contracts but have entered into letters of appointment with 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, a further extension may be agreed, but no non-executive director, with the exception of the Chairman, may serve for a period of more than nine years from their date of initial appointment.

The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and notice may be served by either party.

Details of the letters of appointment of the Non-executive directors at 31 January 2015 are set out below:

Director	Date of appointment	Term	Unexpired term at 31 Jan 2015	Notice period
Richard Everitt*	9 Feb 2012	3 years	0 m	3 months
Grahame Chilton†	25 July 2013	3 years	1 y 6m	3 months
Andrew Wood	7 Jun 2014	3 years	2 y 5 m	3 months
Peter Saunders	18 Sept 2014	3 years	2 y 8 m	3 months

* A further three year term was agreed with Richard Everitt on 9 February 2015.

† Grahame Chilton resigned as a Non-executive director on 16 March 2015.

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. His letter of appointment was updated following his appointment as Chairman on 9 February 2012 and his appointment was for a period of three years ending on 8 February 2015. A further three year term was agreed on 9 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 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.

Andrew Wood was re-appointed as a Non-executive director of the Company on 7 June 2014 for a period of three years ending on 7 June 2017.

Peter Saunders was appointed as Non-executive director of the Company on 18 September 2014 for a period of three years.

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

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, there will be no payment for loss of office for the 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 his position at the Company.

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.

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

Individual components of remuneration

Executive director packages are set out in the Company’s remuneration policy. The components of executive remuneration (the “Policy”) are determined by the Remuneration Committee (“the Committee”). This Policy will be subject to shareholder approval at the 2015 AGM and, subject to that approval, will become effective from that date.

Components of Executive director’s remuneration are described below in more detail:

Bonus scheme

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.

The target for the financial year end 2016 is deemed commercially sensitive and therefore is not disclosed within this report. However, retrospective disclosure of the target will be provided in next year’s report to the extent that this information is no longer deemed commercially sensitive.

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.

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 the Company’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; and
 - 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 period ending 31 July 2015 exceeds twice the underlying PBT for the period ending 31 July 2012 or £6 million, whichever is the higher. None of these options shall vest if PBT for the period 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 Remuneration 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 Group, subject to defined limits. There is no present intention of granting options to the Executive directors of the Company 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 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 Remuneration 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 Remuneration 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.

The objective of the LTIP is to provide a variable element which aligns the reward of all directors with long term performance delivered for shareholders. This element enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return of capital and aligns with shareholder interests through the delivery of shares.

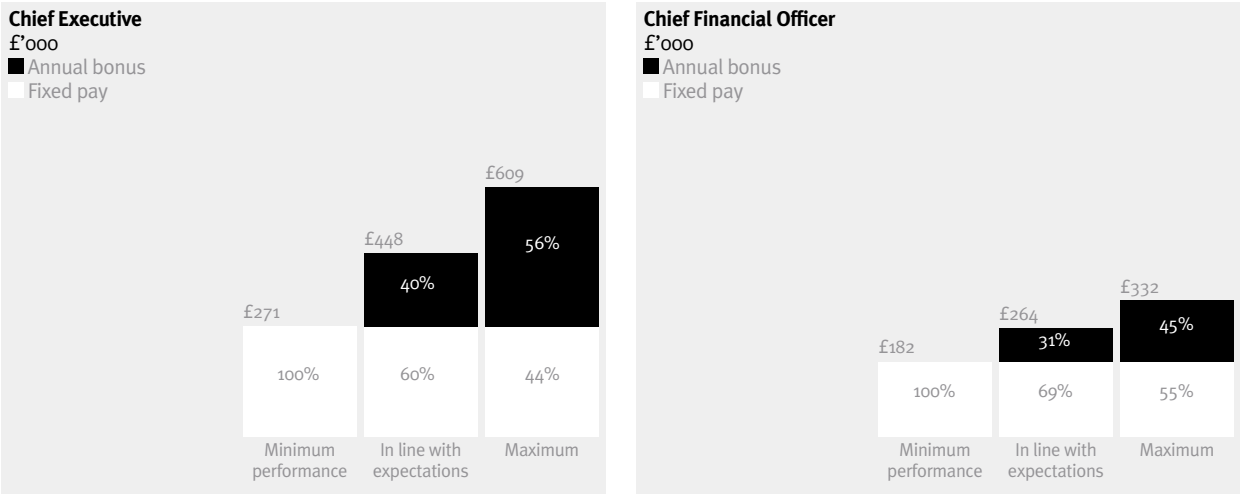
It is the intention of the Committee, when considering whether to make Awards under the LTIP each year, to review both the size of Awards and the performance conditions to ensure that, at the time of an Award, they are appropriate and challenging taking into account any guidelines issued by organisations representing the interests of institutional shareholders or any other relevant guidelines issued from time to time. Specifically, with regard to the EPS conditions above, before making any Awards, the Committee undertakes to compare the proposed minimum growth target for 25% vesting with current market consensus earnings forecasts (to ensure that they are broadly consistent) and if it considers it appropriate will adjust the minimum growth target prior to any Awards being made. If an adjustment is made, the maximum growth target for 100% vesting will be set 5% per annum higher than the adjusted minimum target.

Illustration of application of remuneration policy

Three scenarios of Executive director’s remuneration are illustrated below:

	CEO	CFO
Maximum performance (fixed pay plus full vesting of all performance related pay)	Fixed remuneration Performance bonus payout equivalent to 150% of base salary	Fixed remuneration Performance bonus payout equivalent to 100% of base salary
At expectation performance (fixed pay plus short and long-term performance related pay vesting at the levels reasonably expected)	Fixed remuneration Performance bonus payout equivalent to 78.5% of base salary	Fixed remuneration Performance bonus payout equivalent to 54.75% of base salary
Below threshold performance (only fixed pay (salary, benefits in kind and pension) is payable and no short or long term performance-related pay accrues)	Fixed remuneration No performance bonus payout	Fixed remuneration No performance bonus payout

The chart below sets out an illustration of the potential value of the current components of the Executive directors’ remuneration for the year ended 31 January 2016, showing the proportion of total remuneration made up of each component and the value of each component.



Neither the LTIP nor performance related share options are included in the above illustration as the Remuneration Committee considers it unlikely that either will vest.

- Salary, benefits in kind and pension (as per the remuneration policy) are shown as estimated cash cost or taxable value to the individual;
- The Company’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 chart reflects the bonus amount earned in the period but not necessarily paid at year end; and
- 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 bonus cap. Please refer to the table in ‘Bonus scheme’ above for an illustration of the criteria that have been applied to the three scenarios presented in this table.

This section of the report sets out the annual report on remuneration for the year ended 31 January 2015.

Directors remuneration for the year ended 31 January 2015 (audited)

The following table provides details of the directors’ remuneration for the year ended 31 January 2015, together with their remuneration for the eighteen months ended 31 January 2014:

(Audited)	Salary		Taxable benefits		Bonus		Gain on vesting of share option		Pension		Total	
	2015 £'000	2014* £'000	2015 £'000	2014* £'000	2015 £'000	2014* £'000	2015 £'000	2014* £'000	2015 £'000	2014* £'000	2015 £'000	2014* £'000
Executive directors												
Mark Briffa	225	276	19	3	–	283	–	61	27	33	271	656
Neil Morris	109	–	8	–	–	–	–	–	13	–	130	–
Gavin Charles ¹	36	212	4	4	–	155	–	9	4	25	44	405
Non-executive directors												
Richard Everitt	60	90	–	–	–	–	–	–	–	–	60	90
Tony Mack ²	11	45	–	–	–	–	–	–	–	–	11	45
Chuck Pollard ³	28	45	–	–	–	–	–	–	–	–	28	45
Andrew Wood	35	60	–	–	–	–	–	–	–	–	35	60
Graham Chilton ⁴	35	18	–	–	–	–	–	–	–	–	35	18
Peter Saunders ⁵	11	–	–	–	–	–	–	–	–	–	11	–
Total	550	746	31	7	–	438	–	70	44	58	625	1,319

* Relates to the eighteen month period to 31 January 2014.

1 Gavin Charles resigned as a director with effect from 30 April 2014.

2 Tony Mack retired from the Board with effect from 5 June 2014.

3 Chuck Pollard resigned from the Board on 2 December 2014. Payments were made monthly to Chuck in US dollars (total \$44,000). 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 Chuck, including air fares to Board meetings, amounted to \$10,676 in the year to 31 January 2015 (year to 31 January 2014: \$14,437).

4 Grahame Chilton resigned from the Board on 16 March 2015.

5 Peter Saunders was appointed to the Board on 18 September 2014. Expenses reimbursed to Peter, including air fares to Board meetings, amounted to £11,880 in the year to 31 January 2015.

Salary and fees – Mark Briffa was awarded an increase of 20.3% with effect from 1 February 2014.

Taxable benefits – Executive directors receive a benefits package including a car allowance, life assurance, subsidised gym membership and home telephone & internet facility. The car allowance payable to the CEO and CFO included in the above amount was £15,000 and £5,833 respectively (2014:£nil).

Bonus – the maximum bonus for the period for the CEO and CFO was capped at 115% of the financial element of the bonus, which equates to a maximum of 110.5% of salary and 82.975% of salary respectively.

LTIP – an award under the Air Partner Share Incentive Plan 2012 was made to both Executive directors in the prior period and is 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).

Directors’ remuneration report continued

Annual report on remuneration continued

Annual bonus

As noted above, the bonus payments for both the CEO and CFO are based on the following weighting: 70% on achievement of the Group’s underlying profit before tax target and 30% attributable to personal objectives, which only become payable should the Group achieve 65% or higher of its underlying profit before tax target. For reference, the underlying profit before tax target for the financial year ended 31 January 2015 was £4.8m and for the 18-month financial period ended 31 January 2014 was £5.1m.

In respect of the personal objective element, the Executive directors receive four to five objectives each year against which they will receive a score of 0 (unacceptable performance) to 4 (excellent performance). Although every effort is made to ensure that personal objectives are SMART, there is likely to be a degree of subjectivity to the scores attributed against each objective.

On the basis the Group did not achieve its underlying profit before tax target, nor surpass the 65% underpin level for the payment of the personal objective element, no bonuses were payable to the Executive directors for the period ending 31 January 2015.

The performance measures and weightings for the financial year ending 31 January 2016 are as follows:

Measure	As percentage of maximum bonus opportunity	
	CEO	CFO
Underlying profit before tax	70%	70%
KRAs	30%	30%

Payment table of employee wages and other company metrics

	2014-2015	2012-2014*	% variance	2013-2014†	% variance
Total employee pay compared to prior period (£m)	13,066	19,775	(33.9)	13,183	(0.9)
Profit before tax (£m)	2,636	3,957	(33.4)	2,701	(2.4)
Total dividends paid (pence)	20.66	32.75	(36.9)	20.05	3.0

* refers to the eighteen month period from 1 August 2012 to 31 January 2014.

† refers to pro-forma information for the year ended 31 January 2014.

No inflation increase was awarded across the UK in the year ended 31 January 2015. The Committee benchmarked remuneration packages of the Executive directors against a selection of the Company’s peers resulting in an increase to the CEO’s salary. The increase in the CFO’s salary reflects both the change in personnel during the year and the review of Executive director’s remuneration as referred to on page 46.

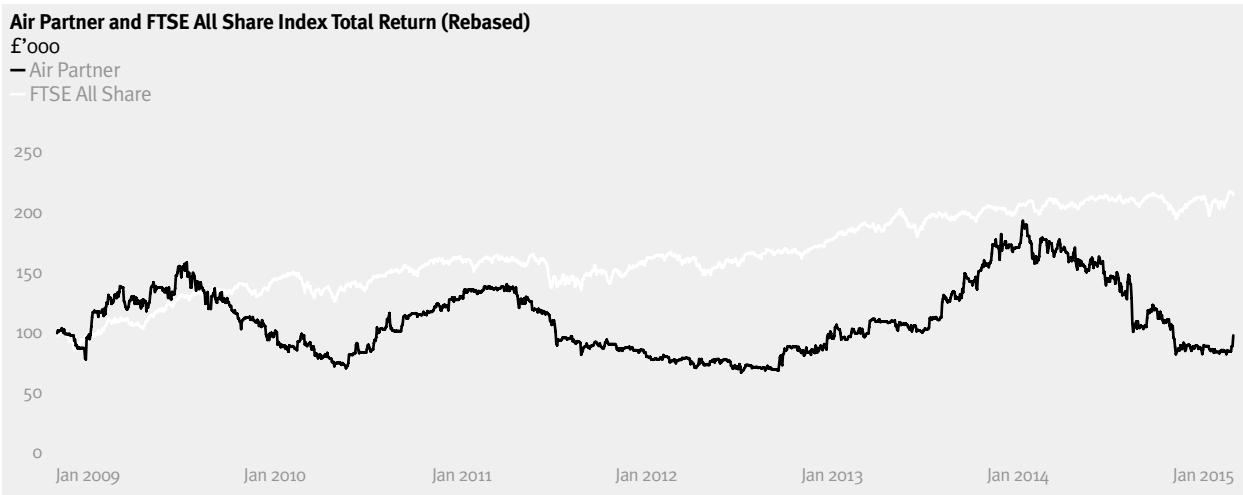
	Revised fixed pay elements			Previous fixed pay elements		
	Basic salary £'000	Car allowance £'000	Total £'000	Basic salary £'000	Car allowance £'000	Total £'000
CEO	225	15	240	187	—	187
CFO	150	10	160	144	—	144

* with effect from 1 February 2014.

† with effect from 1 July 2014.

Performance graph and CEO remuneration table

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



The Company 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 below sets out the details for the director undertaking the role of Chief Executive Officer:

Year	CEO single figure of total remuneration £ '000	Annual bonus pay-out against maximum %	Long term incentive vesting rates against maximum opportunity %
2015	271	—	—
2014 – 18 months	656	92.8	66.7
2012	249	16.8	—
2011	369	100.0	—
2010	215	15.0	—

The table below 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 year ended 31 January 2015, on an annualised basis, and 31 January 2014:

%	Salary	Benefits	Annual bonus
CEO	20.3%	32.3%	(100%)
Average pay based on all of the Group’s UK employees	4.3%	25.2%	(35.2%)

Compensation for loss of office (audited)

As noted above, Gavin Charles’ service agreement terminated on 30 April 2014. Accordingly, the amounts below were paid in respect of compensation for loss of office:

	£’000
Payment in leave of notice (contractual)	144
Pension contribution during notice period (contractual)	17
Other benefits during notice period (contractual)	1
Compensation for loss of office	25
Total	187

All share options and LTIPs attributable to Gavin Charles were forfeited and no element of his bonus for the year ended 31 January 2015 was paid. The Committee considers that all aspects of the compensation for loss of office paid to Gavin Charles were in accordance with the stated policy of the Group, as detailed above.

Directors’ beneficial interests in shares (audited)

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:

	31 Jan 15	31 Jan 14
M A Briffa	33,061	33,061
N M Morris	–	–
R L Everitt	5,000	5,000
A R Wood	10,000	10,000
G Chilton	–	–
P Saunders	–	–
A G Mack	751,500	751,500
C W Pollard	25,000	25,000
G Charles	–	–

There were no changes in the directors’ beneficial interests in shares between 31 January 2015 and 22 April 2015 (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)		Number of options						Exercise price	Earliest date of exercise	Expiry date
Name	Note	31 January 2014	Granted	Exercised	Expired	Forfeited	31 January 2015			
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
		5,000	–	–	–	–	5,000	392.5p	26 Oct 2013	26 Oct 2020
		75,000	–	–	–	–	75,000	277.5p	20 Apr 2015	20 Apr 2022
		170,000	–	–	–	–	170,000			
G Charles		35,000	–	–	–	(35,000)	–	392.5p	26 Oct 2013	26 Oct 2020
		205,000	–	–	–	(35,000)	170,000			

* 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.

Long term incentive plan (“LTIP”) (audited)

Long term incentive plan (audited)		Number of LTIP						Exercise price	Earliest date of exercise	Expiry date
Name		31 January 2014	Granted	Exercised	Expired	Forfeited	31 January 2015			
M A Briffa		55,840	–	–	–	–	55,840	0.0p	22 Oct 2016	22 Oct 2020
G Charles		28,557	–	–	–	(28,557)	–	0.0p	22 Oct 2016	22 Oct 2020

The number of share options 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 2015 was 299.9 pence (31 January 2014: 517.5 pence) and ranged between 583.51 pence and 245.00 pence during the year. The average price during the year ended 31 January 2015 was 385.91 (31 January 2014: 378.26) pence per share.

Directors’ remuneration report continued

Annual report on remuneration continued

Remuneration Committee structure

The 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, and making discretionary performance-related awards to the Executive directors. 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 Peter Saunders, who was appointed in December 2014. The Committee was chaired by Grahame Chilton until his resignation in March 2015, when he was succeeded by Peter Saunders.

The Committee can, and did obtain information and advice during the period under review from the Group HR Director, the Company Secretary and 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.

Remuneration Committee membership

The members of the Committee are:

Peter Saunders (Chairman)

Richard Everitt

Andrew Wood

In addition the Chief Executive Officer is invited, from time to time, to attend meetings of the Committee. No individuals are involved in decisions relating to their own remuneration. The Committee met formally three times during the year. The terms of reference for the Committee can be viewed on the Company’s website.

Shareholder voting

At the 2014 AGM, the results of the votes on the Directors’ remuneration report were:

	Directors remuneration report		Directors remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For (including discretionary)	4,506,017	99.73	4,504,767	99.71
Against	12,275	0.27	13,175	0.29
Total votes cast (excluding withheld votes)	4,518,292	100.00	4,517,942	100.00
Votes withheld	4,416	0.10	4,766	0.11
Total votes cast (including withheld votes)	4,522,708		4,522,708	

The Directors’ remuneration report was approved by the Board on 22 April 2015 and is signed on its behalf by:



Peter Saunders

Chairman of the Remuneration Committee

Directors’ report

The directors present their reports and the audited financial statements for the year ended 31 January 2015.

Statutory information contained elsewhere in the Annual Report

Information required to be part of the Directors’ report can be found elsewhere in this document, as indicated, is incorporated into this Report by reference:

Results and dividend in the Chairman’s statement on pages 4 and 5.

Corporate governance and the Group’s financial risk management objectives and policies in the Corporate governance statement on pages 36 to 41.

Details of the salaries, bonuses, benefits and share interests of directors in the Directors’ remuneration report on pages 46 to 64.

Directors’ responsibility statements on pages 68 and 69.

Employee relations and equal opportunities in Resources and relationships on page 26.

Likely future events, all post balance sheet events and Greenhouse Gas Emissions are disclosed within the Strategic report on pages 1 to 31.

Management Report

The Strategic report on pages 1 to 31 and this Directors’ report, with its inclusions as indicated above, form the Management Report as required by DTR 4.1.5R.

Substantial shareholdings

As at 22 April 2015 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:

Shareholder	Number of shares	% held	Nature of holding
Aberforth Partners LLP	1,339,151	13.05	Indirect
Schroder Investments Ltd	1,070,295	10.43	Indirect
Barclay’s Stockbrokers	835,302	8.14	Indirect
A G Mack and family	751,500	7.32	Indirect
BlackRock Investment Management (UK) Ltd	687,533	6.70	Indirect
Hargreaves Lansdown, Stockbrokers	619,806	6.04	Indirect
Brewin Dolphin, Stockbrokers	387,892	3.78	Indirect
Bank of America Merrill Lynch International as principal	373,526	3.64	Indirect

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

Directors and directors’ interests

The names of the directors of the Company and changes to directorships during the reporting period are shown on page 5. Biographical details of the current directors of the Company are shown on pages 32 and 33. Details of directors’ interests in the shares of the Company are shown on page 62. This information is incorporated into this Report by reference.

Directors’ indemnities and insurance

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 cover remains in place to protect all directors and senior managers.

Directors’ conflict of interest

No director had, during the year, any beneficial interest in any contract significant to the Company’s business, other than a contract of employment. The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Company, they are required to notify the Board in writing or at the next Board meeting.

Articles of Association

Any amendment to the Company’s articles of association may only be made by passing a special resolution of the shareholders of the Company.

Share capital structure, issue and buying back 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 2015 was 10,261,693 (2014: 10,261,693). No shares were issued during the year.

Options outstanding under all employee share schemes amounted to 8.7% of the Company’s issued share capital as at 31 January 2015. 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 2015. 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.

In 2013, 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 2015, the number of ordinary shares held by the Trust was 199,236. Shares held by the Trust abstain from voting and are not entitled to receive dividends.

Change of control – significant contracts

There are a number of commercial agreements that take effect, alter or terminate upon a change of control of the Company; none is considered to be significant in terms of their potential impact on the business of the Group as a whole.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company’s share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Branches

The Company and its subsidiaries have an established branch in Austria. The branch in Dubai was closed during the year under review.

Greenhouse Gas Emissions

	2015 Global Tonnes of CO ₂ E	2014 Global Tonnes of CO ₂ E
Vehicles	15	15
Electricity for heat and cooling	230	226
Total	245	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.

Given the Group’s operations, CO₂E emissions are restricted to office use and the operation of a small number of vehicles. In the case of offices, occupation is within a multi-occupied building for all of the Group’s subsidiaries without separate metering for individual usage by each tenant. Accordingly, an estimate has been used.

Political contributions

There were no political contributions during the year (2014: £nil).

Directors’ statements

As required under the Companies Act 2006, the UK Corporate Governance Code 2012 and the Disclosure and Transparency Rules (“DTRs”), various statements have been made by the Board as set out on pages 68 and 69 and are incorporated into this Report by reference.

Auditor

Deloitte LLP have confirmed that they are willing to be reappointed as auditor for the financial year ending 31 January 2016.

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.

Annual General Meeting

The AGM for 2015 will be held at 11am on Thursday 4 June at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The Company confirms that it will send the Notice of AGM and related documentation to shareholders at least 20 working days before the meeting, either by post, to those shareholders who prefer a paper copy, or by email to those shareholders who have agreed that the Company can communicate with them electronically. Both the Notice of AGM and the Proxy form are available to download from the Investors section on the Company’s website.

The Directors’ Report was approved by the Board on 22 April 2015 and is signed on its behalf by:

Sally Chandler
Company Secretary
Air Partner plc

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 Strategic Report 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.

Directors’ statement of responsibility for disclosure of information to auditor

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.

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 that the Company is a going concern. The directors have continued to adopt the going concern basis in the preparation of the financial statements.

Fair, balanced and understandable

The Board considers the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

The Directors’ statements were approved by the Board on 22 April 2015 and are signed on its behalf by:



Sally Chandler
Company Secretary
Air Partner plc

Unaudited pro-forma information
for the year ended 31 January 2015

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Consolidated income statement (unaudited)
for the year ended 31 January 2015

Year ended 31 January 2015					Year ended 31 January 2014 (as restated – see note P1)		
		Underlying* £'000	Non-trading items £'000	Total £'000	Underlying* £'000	Non-trading items £'000	Total £'000
Continuing operations	Note						
Revenue	P2	192,100	–	192,100	211,541	–	211,541
Cost of sales		(170,075)	–	(170,075)	(188,176)	–	(188,176)
Gross profit		22,025	–	22,025	23,365	–	23,365
Administrative expenses		(19,393)	–	(19,393)	(19,264)	(1,392)	(20,656)
Operating profit		2,632	–	2,632	4,101	(1,392)	2,709
Finance income		25	–	25	21	–	21
Finance expense		(21)	–	(21)	(29)	–	(29)
Profit before tax		2,636	–	2,636	4,093	(1,392)	2,701
Taxation	P7	151	–	151	(1,184)	332	(852)
Profit for the year from continuing operations		2,787	–	2,787	2,909	(1,060)	1,849
Discontinued operations							
(Loss)/profit for the year from discontinued operations	P13	(7)	–	(7)	120	(21)	99
Profit for the year		2,780	–	2,780	3,029	(1,081)	1,948
Attributable to:							
Owners of the parent company		2,780	–	2,780	3,029	(1,081)	1,948
Earnings/(loss) per share:							
Continuing operations							
Basic	P5	27.7p	–	27.7p	28.6p	(10.4)p	18.2p
Diluted	P5	27.5p	–	27.5p	28.2p	(10.3)p	17.9p
Discontinued operations							
Basic	P5	(0.1)p	–	(0.1)p	1.2p	(0.2)p	1.0p
Diluted	P5	(0.1)p	–	(0.1)p	1.1p	(0.2)p	0.9p
Continuing and discontinued operations							
Basic	P5	27.6p	–	27.6p	29.8p	(10.6)p	19.2p
Diluted	P5	27.4p	–	27.4p	29.3p	(10.5)p	18.8p

* Before non-trading items (see note P3)

Consolidated statement of comprehensive income (unaudited)
for the year ended 31 January 2015

	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Profit for the year	2,780	1,948
Other comprehensive income – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(8)	(137)
Total comprehensive income for the year	2,772	1,811
Attributable to:		
Owners of the parent company	2,772	1,811

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Consolidated statement of changes in equity (unaudited)
for the year ended 31 January 2015

	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 2013	513	4,518	–	1,238	1,330	6,418	14,017
Profit for the year	–	–	–	–	–	1,948	1,948
Exchange differences on translation of foreign operations	–	–	–	(137)	–	–	(137)
Total comprehensive income for the year	–	–	–	(137)	–	1,948	1,811
Share option movement for the year	–	–	–	–	100	–	100
Deferred tax on share-based payment transactions	–	–	–	–	–	68	68
Own shares acquired during the year	–	–	(2,000)	–	–	–	(2,000)
Share options exercised during the year	–	–	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

	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 2014	513	4,518	(1,154)	1,101	1,430	6,105	12,513
Profit for the year	–	–	–	–	–	2,780	2,780
Exchange differences on translation of foreign operations	–	–	–	(8)	–	–	(8)
Total comprehensive income for the year	–	–	–	(8)	–	2,780	2,772
Share option movement for the year	–	–	–	–	55	–	55
Deferred tax on share-based payment transactions	–	–	–	–	–	8	8
Share options exercised during the year	–	–	103	–	–	(22)	81
Remeasurements of post-employment benefit obligations	–	–	–	–	–	(41)	(41)
Dividends paid	–	–	–	–	–	(2,077)	(2,077)
Closing equity as at 31 January 2015	513	4,518	(1,051)	1,093	1,485	6,753	13,311

Unaudited pro-forma information
for the year ended 31 January 2015 continued

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Consolidated statement of financial position (unaudited)
as at 31 January 2015

	Note	31 January 2015 £'000	31 January 2014 £'000
Assets			
Non-current assets			
Goodwill	P8	838	918
Other intangible assets	P9	1,066	396
Property, plant and equipment	P10	1,273	697
Deferred tax assets		299	247
		3,476	2,258
Current assets			
Trade and other receivables		21,029	20,812
Current tax assets		1,157	665
Restricted bank balances		1,842	–
Other cash and cash equivalents		16,952	18,419
Total cash and cash equivalents		18,794	18,419
		40,980	39,896
Total assets		44,456	42,154
Current liabilities			
Trade and other payables		(2,660)	(5,746)
Current tax liabilities		(87)	(128)
Other liabilities		(4,067)	(4,071)
Deferred income		(23,669)	(18,916)
Provisions	P12	(512)	(734)
Derivative financial instruments		(150)	(46)
		(31,145)	(29,641)
Net current assets		9,835	10,255
Total liabilities		(31,145)	(29,641)
Net assets		13,311	12,513
Equity			
Share capital		513	513
Share premium account		4,518	4,518
Own shares		(1,051)	(1,154)
Translation reserve		1,093	1,101
Share option reserve		1,485	1,430
Retained earnings		6,753	6,105
Total equity		13,311	12,513

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Consolidated statement of cash flows (unaudited)
for the year ended 31 January 2015

	Note	Year ended 31 January 2015 £'000	Year ended 31 January 2014 £'000
Net cash inflow from operating activities	P6	4,405	4,874
Investing activities			
Continuing operations			
Interest received		25	21
Purchases of property, plant and equipment		(820)	(72)
Purchases of intangible assets		(705)	(597)
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		(1,500)	165
Financing activities			
Continuing operations			
– Dividends paid	P4	(2,077)	(2,058)
– Proceeds on exercise of share options		81	575
– Purchase of own shares		–	(2,000)
Net cash used in financing activities		(1,996)	(3,483)
Net increase in cash and cash equivalents		909	1,556
Opening cash and cash equivalents		18,419	17,252
Effect of foreign exchange rate changes		(534)	(389)
Closing cash and cash equivalents		18,794	18,419

JetCard cash

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

	31 January 2015 £'000	31 January 2014 £'000
JetCard cash restricted in its use	1,842	–
JetCard cash unrestricted in its use	12,251	8,752
Total JetCard cash	14,093	8,752
Non-JetCard cash	4,701	9,667
Cash and cash equivalents	18,794	18,419

Notes to the unaudited pro-forma financial information
for the year ended 31 January 2015

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P1 Basis of preparation

As a result of the change of accounting reference date to 31 January during the prior financial period as described in Note 2 to the financial statements, the unaudited pro-forma financial information on pages 70 to 81 comprising a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, consolidated statement of financial position and a consolidated statement of cash flows and selected notes comparing the financial performance for the year ended 31 January 2015 to that for the year ended 31 January 2014 has been prepared to enable greater understanding and comparability of the Group’s performance on a consistent basis.

Restatement of prior year

During the year the directors reviewed the accounting for certain contracts relating to its Aircraft, Crew, Maintenance and Insurance (ACMI) and Travel agency departments. Following this review, revenue and cost of sales in the prior period was restated as shown below. There was no impact on reported profit or cash flows.

In addition, as detailed in note P13, management closed the Fuel department. Accordingly, results of the Fuel department have been presented as discontinued operations. The table below reconciles the income statement as previously stated to the current position.

Year ended 31 January 2014 (Unaudited)	As previously stated £'000	ACMI / Travel agency £'000	Fuel £'000	As restated £'000
Revenue	223,977	(7,048)	(5,388)	211,541
Cost of sales	(200,158)	7,048	4,934	(188,176)
Gross profit	23,819	–	(454)	23,365
Administrative expenses	(20,981)	–	325	(20,656)
Operating profit	2,838	–	(129)	2,709

P2 Segmental analysis

The services provided by the Group consist of chartering different types of aircraft and related aviation services.

Following a change in management structure, and the closure of the Fuel department, results of the Emergency Planning division have been aggregated with Commercial Jets. In addition, overheads, with the exception of Corporate costs, are allocated to the Group’s operating segments in relation to operating activities. As a result, prior year segmental analysis has been restated to reflect the current segmental reporting of continuing operations.

Sales transactions between operating segments are carried out on an arm’s length basis. All revenues, results, assets and liabilities reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

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

P2 Segmental analysis continued

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

Year ended 31 January 2015 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight £'000	Corporate costs £'000	Total £'000
Total revenues	117,543	52,208	24,980	–	194,731
Revenues from transactions with other operating segments	(1,672)	(70)	(889)	–	(2,631)
Revenues from external customers	115,871	52,138	24,091	–	192,100
Depreciation and amortisation	(177)	(84)	–	–	(261)
Underlying operating profit	2,693	791	368	(1,220)	2,632
Non-trading items (see note P3)	–	–	–	–	–
Segment result	2,693	791	368	(1,220)	2,632
Finance income					25
Finance expense					(21)
Profit before tax					2,636
Tax					151
Profit after tax					2,787
Discontinued operations					(7)
Profit for the year					2,780

Year ended 31 January 2014 (Unaudited) Continuing operations	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight £'000	Corporate costs £'000	Total £'000
Total revenues	146,180	55,965	11,979	–	214,124
Revenues from transactions with other operating segments	(2,244)	(87)	(252)	–	(2,583)
Revenues from external customers	143,936	55,878	11,727	–	211,541
Depreciation and amortisation	(122)	(63)	–	–	(185)
Underlying operating profit	3,938	1,624	(107)	(1,354)	4,101
Non-trading items (see note P3)	(220)	(155)	(33)	(984)	(1,392)
Segment result	3,718	1,469	(140)	(2,338)	2,709
Finance income					21
Finance expense					(29)
Profit before tax					2,701
Tax					(852)
Profit after tax					1,849
Discontinued operations					99
Profit for the year					1,948

Notes to the unaudited pro-forma financial information
for the year ended 31 January 2015 continued

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P2 Segmental analysis continued

The Group’s revenue from external customers by geographical location is as follows:

	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the world £'000	Total £'000
Continuing operations					
Year ended 31 January 2015 (Unaudited)					
Revenues from external customers	85,290	82,333	21,902	2,575	192,100
Non-current assets (excluding deferred tax assets)	2,094	1,017	66	–	3,177
Year ended 31 January 2014 (Unaudited)					
Revenues from external customers	91,495	83,230	34,045	2,771	211,541
Non-current assets (excluding deferred tax assets)	968	736	280	27	2,011

Europe can be further analysed as:

	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Continuing operations					
Year ended 31 January 2015 (Unaudited)					
Revenues from external customers	29,586	26,328	19,103	7,316	82,333
Year ended 31 January 2014 (Unaudited)					
Revenues from external customers	44,189	19,856	9,859	9,326	83,230

P3 Non-trading items

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Continuing operations		
Impairment of intangible assets	–	(774)
Restructuring costs	–	(618)
Non-trading items before taxation	–	(1,392)
Tax effect of non-trading items	–	332
Non-trading items after taxation	–	(1,060)

In the prior 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.

The reorganisation of the Group to report on a product-led basis resulted in restructuring costs of £618,000 in the prior period. These costs comprised redundancy payments, external legal advice, outplacement costs and were included within administrative expenses.

P4 Dividends

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the eighteen month period ended 31 January 2014 of 14.0 pence (2014: First interim dividend for the eighteen month period ended 31 January 2014 of 6.05 pence) per share	1,406	621
Interim dividend for the year ended 31 January 2015 of 6.66 pence per share (2014: Second interim dividend for the eighteen month period ended 31 January 2014 of 14.0 pence) per share	671	1,437
	2,077	2,058

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P5 Earnings per share

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

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
From continuing and discontinued operations		
Earnings		
Profit attributable to owners of the parent company	2,780	1,948
Non-trading items	–	1,081
Earnings for the calculation of basic and diluted earnings per share	2,780	3,029

Number of shares	Number	Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,056,276	10,169,490
Effect of dilutive potential ordinary shares: share options	75,764	155,875
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,132,040	10,325,365

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
From continuing operations		
Earnings		
Profit attributable to owners of the parent company	2,780	1,948
Adjustment to exclude loss/(profit) for the year from discontinued operations	7	(99)
Earnings for the calculation of basic and diluted earnings per share	2,787	1,849
Non-trading items	–	1,060
Earnings for the calculation of continuing underlying basic and diluted earnings per share	2,787	2,909

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
From discontinued operations		
Earnings		
Earnings for the calculation of basic and diluted earnings per share	(7)	99
Non-trading items	–	21
Earnings for the calculation of discontinued underlying basic and diluted earnings per share	(7)	120

The denominators used are the same as those above for both basic and diluted earnings per share from continuing and discontinued operations.

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 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Profit for the year		
Continuing operations	2,787	1,849
Discontinued operations	(7)	99
	2,780	1,948
Finance income	(25)	(21)
Finance expense	21	29
Income tax	(153)	882
Depreciation and amortisation	261	185
Impairment of intangible assets	–	774
Loss on disposal of property, plant and equipment	5	4
Profit on disposal of asset held for sale	–	(82)
Fair value losses on derivative financial instruments	104	65
Share option charge for year	55	100
(Decrease)/increase in provisions	(238)	62
Foreign exchange differences	496	174
Operating cash flows before movements in working capital	3,306	4,120
(Increase)/decrease in receivables	(773)	12,519
Increase/(decrease) in payables	2,343	(11,086)
Cash generated from operations	4,876	5,553
Income taxes paid	(463)	(650)
Interest paid	(8)	(29)
Net cash inflow from operating activities	4,405	4,874

P7 Taxation

	Continuing operations		Discontinued operations		Total	
	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Current tax:						
UK corporation tax	207	473	(2)	30	205	503
Foreign tax	513	158	–	–	513	158
Current tax adjustments in respect of prior years	(788)	(148)	–	–	(788)	(148)
	(68)	483	(2)	30	(70)	513
Deferred tax	(83)	369	–	–	(83)	369
Total tax (credit)/charge	(151)	852	(2)	30	(153)	882
Of which:						
Tax on underlying profit	(151)	1,184	(2)	37	(153)	1,221
Tax on non-trading items (see note P3)	–	(332)	–	(7)	–	(339)
	(151)	852	(2)	30	(153)	882

P8 Goodwill

(Unaudited)	£'000
Cost	
At 1 February 2013	956
Foreign currency adjustments	(38)
At 31 January 2014	918
Foreign currency adjustments	(80)
At 31 January 2015	838
Provision for impairment	
At 1 February 2013, 31 January 2014 and 31 January 2015	–
Net book value	
At 31 January 2015	838
At 31 January 2014	918
At 1 February 2013	956

For further details regarding goodwill, please refer to note 12 to the financial statements.

P9 Other intangible assets

(Unaudited)	Software £'000
Cost	
At 1 February 2013	621
Additions	597
Foreign currency adjustments	(1)
At 31 January 2014	1,217
Additions	705
Foreign currency adjustments	(1)
At 31 January 2015	1,921
Amortisation	
At 1 February 2013	20
Charge for the year	27
Impairment loss	774
At 31 January 2014	821
Charge for the year	35
Foreign currency adjustments	(1)
At 31 January 2015	855
Net book value	
At 31 January 2015	1,066
At 31 January 2014	396
At 1 February 2013	601

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

P10 Property, plant and equipment

(Unaudited)	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 February 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
Additions	71	749	–	820
Foreign currency adjustments	(6)	(20)	(1)	(27)
Disposals	(119)	(88)	(3)	(210)
At 31 January 2015	769	2,427	–	3,196
Depreciation				
At 1 February 2013	237	1,567	28	1,832
Charge for the year	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
Charge for the year	83	143	–	226
Foreign currency adjustments	(3)	(11)	–	(14)
Disposals	(119)	(85)	(1)	(205)
At 31 January 2015	242	1,681	–	1,923
Net book value				
At 31 January 2015	527	746	–	1,273
At 31 January 2014	542	152	3	697
At 1 February 2013	591	185	16	792

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

P11 Contingent liabilities

The Group had issued the following guarantees at 31 January 2015.

Description	Currency	2015 £'000	2014 £'000
Passenger sales agency agreement	Sterling	398	376
Dubai employee rights	Sterling	17	17
Aircraft operator	Euros	1,400	–
Aircraft operator	Euros	47	–
Rental deposit	Euros	11	–

In addition, the Company’s bankers hold a free and floating charge over the Company’s assets.

P12 Provisions

	31 January 2015 (Unaudited) £'000	31 January 2014 (Unaudited) £'000
Administration claims	478	465
Restructuring	34	269
	512	734

A provision of £478,000 (31 January 2014: £465,000) 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.

P13 Discontinued operations

On 20 January 2014, management closed the Group’s Fuel department. Accordingly, trading results of the Fuel department, which were previously disclosed as continuing operations, have now been disclosed as discontinued operations:

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Revenue	62	5,388
Cost of sales	(64)	(4,934)
Gross (loss)/profit	(2)	454
Administrative expenses	(7)	(325)
(Loss)/profit before tax	(9)	129
Taxation	2	(30)
Net (loss)/profit attributable to discontinued operations	(7)	99

Cash flows attributable to the Fuel department were as follows:

	Year ended 31 January 2015 (Unaudited) £'000	Year ended 31 January 2014 (Unaudited) £'000
Net operating cash flows	(7)	99

Opinion on the financial statements of Air Partner plc

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 2015 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements 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 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.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Going concern

As required by the Listing Rules we have reviewed the directors’ statement on page 69 that the group is a going concern. We confirm that:

- we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group’s ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group’s ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
<p>The accuracy and occurrence of revenue recognition</p> <p>The most significant revenue recognition risks are in two key areas:</p> <ul style="list-style-type: none">• the risk that revenue is inappropriately recognised in order to improve the business’ results through the early recognition of JetCard and other deferred income before the flight has occurred; and• the risk that revenue is allocated inappropriately across multi-flight contract itineraries. <p>The Group’s revenue recognition accounting policy is included on page 101 of the notes to the financial statements. This is discussed in the Audit committee report on page 43.</p>	<p>We have performed the following procedures to address this risk:</p> <ul style="list-style-type: none">• We have selected a sample of revenue amounts relating to both JetCard and non-JetCard revenue to check that the flight has occurred by verifying to underlying flight records and customer contract.• We have selected a sample of multi-flight contracts which have flights which span the year end. We have challenged how the revenue on these contracts has been allocated across flights by checking that they are allocated on a reasonable basis and which is consistent with IAS (International Accounting Standard) 18 and Air Partner’s accounting policy.• We have performed detailed analytical review procedures of gross margins and investigated unusual items by speaking to personnel outside of the finance team.
<p>Completeness of operator accruals</p> <p>Flights and related services are purchased from a large number of suppliers across a number of jurisdictions and are bespoke in nature. The completeness of operator accruals is a significant risk because:</p> <ul style="list-style-type: none">• suppliers submit invoices on differing timescales, often significantly later than the date of the service provision; and• certain employees have elements of their remuneration based on a commission calculated with reference to gross profit on flight services. <p>The combination of these two factors result in a heightened risk of under accrual of costs where purchase invoices have not yet been received. This is discussed in the Audit committee report on page 44.</p>	<ul style="list-style-type: none">• We tested a sample of purchase invoices received and payments made after 31 January 2015. Where necessary, we agreed to evidence supporting the date of flights or service delivery and considered whether, where this was before the year end, an accrual had been recorded.• We performed analytical procedures on revenue, cost of sales and gross margin for the components in our scope to highlight instances where costs may not have been recorded. If we identified an unexpected margin, we carried out more focussed testing on the completeness of accruals.• We have reviewed significant accrual amounts against amounts recorded at the prior period end to highlight any potential risk of under accrual.

Risk	How the scope of our audit responded to the risk
The completeness of provisions against operator prepayments The Group enters sales contracts with customers for aircraft and enters purchase contracts ‘back-to-back’. The Group is required to prepay operators for flights which occur in the future. Although the Group match the purchase contract with the customer receipt, there is a credit risk in cases where suppliers default before the flight takes off and monies prepaid to suppliers are not recoverable. In these cases Air Partner is still obliged to fulfil the flight obligation. This is discussed by the Audit committee on page 43.	<p>In order to address this risk our testing included:</p> <ul style="list-style-type: none">• we checked the accuracy of the listing of prepaid operator costs as at 31 January 2015 by agreeing a sample through to signed contract;• we traced this sample through to post year end flight records to ensure that the operator has settled the prepaid cost with a flight;• for those flights that had not yet taken off at year end we reviewed their business history with the Group for evidence of dispute and slow payment as well as third party evidence of their financial position; and• requested details from the Group’s external legal advisors to identify legal disputes with operators.
The valuation of goodwill relating to Air Partner S.A.S. The group has goodwill on the balance sheet following the purchase of Air Partner S.A.S., incorporated in France. During the year, Air Partner S.A.S. made a loss which was not in line with management’s budget. The group’s assessment of impairment of goodwill is a judgemental process which requires estimates concerning the future cash flows and associated discount rates and growth rates based on management’s view of future business prospects. The Group’s goodwill accounting policy is included on page 97 of the notes to the financial statements. This is discussed by the Audit committee on page 44.	<ul style="list-style-type: none">• We challenged the assumptions used by management in their impairment model for goodwill including the cash flow projections, discount rate and long-term growth rate used against our understanding of the future prospects of the business and the prevailing group cost of capital at the year end.• In particular we agreed management’s increase in profit assumptions through to signed post year end customer agreements and corroborated revenue and profit forecasts. We used our specialist valuations team to test the discount rate applied.• Further, we agreed cost savings through to third party evidence.

Our assessment of risks of material misstatement (continued)

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £286,000, which is 7.5% of underlying pre-tax profit averaged over a five year period, 2.1% of equity and 0.1% of revenue. Underlying pre-tax profit includes items in prior periods we agreed were non-recurring including software impairment charges related to the finance and broker tools capitalised and restructuring charges relating to the group’s decision to restructure the business into a product centric approach. Management have asserted that this process is now complete.

We agreed with the Audit committee that we would report to the Committee all audit differences in excess of £5,700, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors’ statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors’ responsibilities statement, 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. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

22 April 2015

Consolidated income statement for the year ended 31 January 2015				18 months ended 31 January 2014 (as restated – see note 2)			
		Year ended 31 January 2015					
	Note	Underlying* £'000	Non-trading items £'000	Total £'000	Underlying* £'000	Non-trading items £'000	Total £'000
Continuing operations							
Revenue	3	192,100	–	192,100	308,257	–	308,257
Cost of sales		(170,075)	–	(170,075)	(274,565)	–	(274,565)
Gross profit		22,025	–	22,025	33,692	–	33,692
Administrative expenses		(19,393)	–	(19,393)	(28,348)	(1,392)	(29,740)
Operating profit		2,632	–	2,632	5,344	(1,392)	3,952
Finance income		25	–	25	37	–	37
Finance expense		(21)	–	(21)	(32)	–	(32)
Profit before tax		2,636	–	2,636	5,349	(1,392)	3,957
Taxation	8	151	–	151	(1,675)	332	(1,343)
Profit for the year/period from continuing operations		2,787	–	2,787	3,674	(1,060)	2,614
Discontinued operations							
Profit for the year/period from discontinued operations	9	(7)	–	(7)	173	(21)	152
Profit for the year/period		2,780	–	2,780	3,847	(1,081)	2,766
Attributable to:							
Owners of the parent company		2,780	–	2,780	3,847	(1,081)	2,766
Earnings/(loss) per share:							
Continuing operations							
Basic	11	27.7p	–	27.7p	36.0p	(10.4)p	25.6p
Diluted	11	27.5p	–	27.5p	35.6p	(10.3)p	25.3p
Discontinued operations							
Basic	11	(0.1)p	–	(0.1)p	1.7p	(0.2)p	1.5p
Diluted	11	(0.1)p	–	(0.1)p	1.7p	(0.2)p	1.5p
Continuing and discontinued operations							
Basic	11	27.6p	–	27.6p	37.7p	(10.6)p	27.1p
Diluted	11	27.4p	–	27.4p	37.3p	(10.5)p	26.8p

* Before non-trading items (see note 5)

		Year ended 31 January 2015 £'000	18 months ended 31 January 2014 £'000
Profit for the year/period		2,780	2,766
Other comprehensive income – items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(8)	138
Exchange differences on liquidation of foreign operations		–	22
Total comprehensive income for the year/period		2,772	2,926
Attributable to:			
Owners of the parent company		2,772	2,926

Consolidated statement of changes in equity
for the year ended 31 January 2015

	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 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 (note 22)	—	—	—	—	—	68	68
Own shares acquired during the period	—	—	(2,000)	—	—	—	(2,000)
Share options exercised during the period	—	—	846	—	—	(271)	575
Dividends paid (note 10)	—	—	—	—	—	(3,361)	(3,361)
Closing equity as at 31 January 2014	513	4,518	(1,154)	1,101	1,430	6,105	12,513
	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 2014	513	4,518	(1,154)	1,101	1,430	6,105	12,513
Profit for the year	—	—	—	—	—	2,780	2,780
Exchange differences on translation of foreign operations	—	—	—	(8)	—	—	(8)
Total comprehensive income for the year	—	—	—	(8)	—	2,780	2,772
Share option movement for the year	—	—	—	—	55	—	55
Deferred tax on share-based payment transactions (note 22)	—	—	—	—	—	8	8
Share options exercised during the year	—	—	103	—	—	(22)	81
Remeasurements of post-employment benefit obligations	—	—	—	—	—	(41)	(41)
Dividends paid (note 10)	—	—	—	—	—	(2,077)	(2,077)
Closing equity as at 31 January 2015	513	4,518	(1,051)	1,093	1,485	6,753	13,311

Company statement of changes in equity
for the year ended 31 January 2015

	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 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
Deferred tax on share-based payment transactions (note 22)	—	—	—	—	68	68
Own shares acquired during the period	—	—	(2,000)	—	—	(2,000)
Share options exercised during the period	—	—	846	—	(271)	575
Dividends paid (note 10)	—	—	—	—	(3,361)	(3,361)
Closing equity as at 31 January 2014	513	4,518	(1,154)	1,430	5,389	10,696
	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 February 2014	513	4,518	(1,154)	1,430	5,389	10,696
Profit for the year	—	—	—	—	1,251	1,251
Total comprehensive income for the year	—	—	—	—	1,251	1,251
Share option movement for the year	—	—	—	55	—	55
Deferred tax on share-based payment transactions (note 22)	—	—	—	—	8	8
Share options exercised during the year	—	—	103	—	(22)	81
Dividends paid (note 10)	—	—	—	—	(2,077)	(2,077)
Closing equity as at 31 January 2015	513	4,518	(1,051)	1,485	4,549	10,014

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.

Consolidated statement of financial position
as at 31 January 2015

	Note	31 January 2015 £'000	31 January 2014 £'000
Assets			
Non-current assets			
Goodwill	12	838	918
Other intangible assets	13	1,066	396
Property, plant and equipment	14	1,273	697
Deferred tax assets	22	299	247
		3,476	2,258
Current assets			
Trade and other receivables	16	21,029	20,812
Current tax assets		1,157	665
Restricted bank balances		1,842	–
Other cash and cash equivalents		16,952	18,419
Total cash and cash equivalents		18,794	18,419
		40,980	39,896
Total assets		44,456	42,154
Current liabilities			
Trade and other payables	17	(2,660)	(5,746)
Current tax liabilities		(87)	(128)
Other liabilities	18	(4,067)	(4,071)
Deferred income		(23,669)	(18,916)
Provisions	19	(512)	(734)
Derivative financial instruments	20	(150)	(46)
		(31,145)	(29,641)
Net current assets		9,835	10,255
Total liabilities		(31,145)	(29,641)
Net assets		13,311	12,513
Equity			
Share capital	24	513	513
Share premium account		4,518	4,518
Own shares	25	(1,051)	(1,154)
Translation reserve		1,093	1,101
Share option reserve		1,485	1,430
Retained earnings		6,753	6,105
Total equity		13,311	12,513

These financial statements were approved and authorised for issue by the Board on 22 April 2015 and were signed on its behalf by:



M A Briffa
Director



N J Morris
Director

Company statement of financial position
as at 31 January 2015

	Note	31 January 2015 £'000	31 January 2014 £'000
Assets			
Non-current assets			
Intangible assets	13	1,063	392
Property, plant and equipment	14	1,032	576
Investments	15	2,025	1,844
Deferred tax assets	22	45	149
		4,165	2,961
Current assets			
Trade and other receivables	16	12,290	12,592
Current tax assets		484	–
Restricted bank balances		1,842	–
Other cash and cash equivalents		8,887	10,899
Total cash and cash equivalents		10,729	10,899
		23,503	23,491
Total assets		27,668	26,452
Current liabilities			
Trade and other payables	17	(797)	(2,853)
Current tax liabilities		–	(176)
Other liabilities	18	(2,232)	(1,726)
Deferred income		(13,997)	(10,280)
Provisions	19	(478)	(675)
Derivative financial instruments	20	(150)	(46)
		(17,654)	(15,756)
Net current assets		5,849	7,735
Total liabilities		(17,654)	(15,756)
Net assets		10,014	10,696
Equity			
Share capital	24	513	513
Share premium account		4,518	4,518
Own shares	25	(1,051)	(1,154)
Share option reserve		1,485	1,430
Retained earnings		4,549	5,389
Total equity		10,014	10,696

These financial statements were approved and authorised for issue by the Board on 22 April 2015 and were signed on its behalf by:



M A Briffa
Director



N J Morris
Director

Air Partner plc
Registered no. 00980675

Consolidated and company statement of cash flows
for the year ended 31 January 2015

	Note	Group		Company	
		Year ended	18 months	Year ended	18 months
		31 January 2015 £'000	ended 31 January 2014 £'000	31 January 2015 £'000	ended 31 January 2014 £'000
Net cash inflow from operating activities	26	4,405	7,245	3,679	7,274
Investing activities					
Continuing operations					
– Interest received		25	37	15	36
– Dividends received from subsidiaries		–	–	–	1,632
– Purchases of property, plant and equipment		(820)	(87)	(624)	(5)
– Purchases of intangible assets		(705)	(920)	(701)	(920)
– 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		(1,500)	(157)	(1,310)	743
Financing activities					
Continuing operations					
– Dividends paid		(2,077)	(3,361)	(2,077)	(3,361)
– Proceeds on exercise of share options		81	575	81	575
– Purchase of own shares		–	(2,000)	–	(2,000)
Net cash used in financing activities		(1,996)	(4,786)	(1,996)	(4,786)
Net (decrease)/increase in cash and cash equivalents		909	2,302	373	3,231
Opening cash and cash equivalents		18,419	15,716	10,899	7,459
Effect of foreign exchange rate changes		(534)	401	(543)	209
Closing cash and cash equivalents		18,794	18,419	10,729	10,899

JetCard cash

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
JetCard cash restricted in its use	1,842	–	1,842	–
JetCard cash unrestricted in its use	12,251	8,752	9,648	7,242
Total JetCard cash	14,093	8,752	11,490	7,242
Non-JetCard cash	4,701	9,667	(761)	3,657
Cash and cash equivalents	18,794	18,419	10,729	10,899

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 Strategic report on pages 1 to 31.

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 Company announced it was changing its accounting reference date from 31 July to 31 January. Accordingly, comparatives in these financial statements have been prepared for the 18 months ended 31 January 2014.

Adoption of new and revised standards

The following new and revised Standards and Interpretations have been adopted in the current year.

Annual Improvements 2009-2011 cycle

The Annual Improvements cycle provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights.

Adoption of the Annual Improvements 2009-2011 cycle has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

IAS 19 Employee Benefits (2011)

IAS 19 Employee Benefits (amended 2011) outlines the accounting requirements for employee benefits, post-employment benefits, other long-term benefits and termination benefits. The standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

Adoption of IAS 19 has had no impact on the disclosures or in the amounts recognised in the consolidated financial statements.

IFRS 10 Consolidated Financial Statements (“IFRS 10”) and IAS 27 (2011) Separate Financial Statements (“IAS 27”)

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and Standard Interpretations Committee Interpretation (“SIC”) 12 Consolidation– Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

- i) an investor has power over an investee;
- ii) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- iii) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

The adoption of IFRS 10 had no impact on the consolidation of investments held by the Group.

2 Accounting policies continued

IFRS 11 Joint Arrangements (“IFRS 11”) and IAS 28 (2011) Investment in Associates and Joint Ventures (“IAS 28”)

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. The provisions of IFRS 11 include the removal of the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The adoption of IFRS 11 had no impact on the consolidation of investments held by the Group.

IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”)

IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (i.e. where a subsidiary is controlled with less than a majority of voting rights).

The Group does not have any non-controlling interests, and also has no unconsolidated structured entities. IFRS 12 disclosures are provided in note 15.

IFRS 13 Fair Value Measurement (“IFRS 13”)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. The Group provides the IFRS 13 disclosures in note 20.

Amendments to IFRS 7 (Offsetting Financial Assets and Financial Liabilities) and Amendments to IAS 32 (Offsetting Financial Assets and Financial Liabilities)

The amendments to IFRS 7 require entities to disclose information relating to the rights of offset and related arrangements for financial instruments and enforceable master netting agreement or similar arrangement. The amendment to IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

The application of this standard has no impact on the Group’s net profit or net assets.

Amendments to IAS 36 (Recoverable Amount Disclosures for Non-Financial Assets)

The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

This amendment has no impact on the disclosures or in the amounts recognised in the consolidated financial statements.

Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting)

The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specific criteria.

The application of this standard will have no significant impact on the Group’s net profit or net assets.

Amendments to IFRS 1 (Government Loans)

This amendment requires first-time adoption to mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans.

This amendment has no impact on the disclosures or in the amounts recognised in the consolidated financial statements.

2 Accounting policies continued

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments are intended to provide additional transition relief in IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”.

This amendment has no impact on the disclosures or in the amounts recognised in the consolidated financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

This amendment grants exemption from the requirement to consolidate subsidiaries for eligible investment entities (such as mutual funds, unit trusts, and similar entities), instead requiring the use of the fair value to measure those investments.

This amendment has no impact on the disclosures or in the amounts recognised in the consolidated financial statements.

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

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

- Annual Improvements 2010-2012 & 2011-2013 cycle; effective for periods beginning on or after 1 July 2014;
- Annual Improvements to IFRSs 2012-2014; effective for periods beginning on or after 1 January 2016;
- IFRS 7 Financial Instruments: Disclosure Amendments to transition disclosures; effective for periods beginning on or after 1 January 2016;
- IFRS 9 (2014) Financial Instruments; effective for periods beginning on or after 1 January 2018;
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture; effective for periods beginning on or after 1 January 2016;
- IFRS 14 Regulatory Deferral Accounts; effective for periods beginning on or after 1 January 2016;
- IFRS 15 Revenue from Contracts with Customers; effective for periods beginning on or after 1 January 2017;
- IAS 1 Disclosure initiative; effective for periods beginning on or after 1 January 2016;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Amendments regarding the clarification of acceptable methods of depreciation and amortisation; effective for periods beginning on or after 1 January 2016;
- IAS 16 Property, Plant and Equipment: Amendments to bring bearer plants into the scope of IAS 16; effective for periods beginning on or after 1 January 2016;
- IAS 27 Separate Financial Statements; Amendments reinstating the equity method; effective for periods beginning on or after 1 January 2016.

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 Company.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company 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.

2 Accounting policies continued

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 prior 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.

Impairment of goodwill

Management conducts an annual impairment review of the carrying value of goodwill in relation to the French company, Air Partner International S.A.S. Following the results of the impairment review, management has concluded that there are no reasonably possible changes that would result in a material impairment of the carrying value of goodwill.

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 19 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.

Restatement of prior period

During the year the management reviewed the accounting for certain contracts relating to its Aircraft, Crew, Maintenance and Insurance (ACMI) and Travel agency departments. Following this review, revenue and cost of sales in the prior period was restated as shown below.

In addition, as detailed in note 9, management announced the closure of its Fuel department. Accordingly, results of the Fuel department have been presented as discontinued operations. The table below reconciles the income statement as previously stated to the current position.

	As previously stated £'000	ACMI / Travel agency £'000	Fuel £'000	As restated £'000
Period ended 31 January 2014				
Revenue	326,125	(9,701)	(8,167)	308,257
Cost of sales	(291,823)	9,701	7,557	(274,565)
Gross profit	34,302	–	(610)	33,692
Administrative expenses	(30,151)	–	411	(29,740)
Operating profit	4,151	–	(199)	3,952

2 Accounting policies continued

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 Strategic Report on pages 1 to 69. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 1 to 69. 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.

2 Accounting policies continued

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, which in the case of software is 10%-20% per annum on a straight-line basis.

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

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 the 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 the 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.

2 Accounting policies continued

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.

2 Accounting policies continued

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.

l) 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.

2 Accounting policies continued

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), 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. In instances where the Group is not acting as principal, revenue (such as Travel agency services) is recognised on an agency basis.

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 recognised 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. 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.

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. Dividends are recognised as a liability in the period in which they are approved.

3 Segmental analysis

The services provided by the Group consist of chartering different types of aircraft and related aviation services.

Following a change in management structure, and the closure of the Fuel department, results of the Emergency Planning division have been aggregated with Commercial Jets. In addition, overheads, with the exception of Corporate costs, are allocated to the Group's operating segments in relation to operating activities. As a result, prior year segmental analysis has been restated to reflect the current segmental reporting of continuing operations.

Sales transactions between operating segments are carried out on an arm's length basis. All revenues, results, assets and liabilities reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

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

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

Year ended 31 January 2015	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Corporate costs £'000	Total £'000
Continuing operations					
Total revenues	117,543	52,208	24,980	–	194,731
Revenues from transactions with other operating segments	(1,672)	(70)	(889)	–	(2,631)
Revenues from external customers	115,871	52,138	24,091	–	192,100
Depreciation and amortisation	(177)	(84)	–	–	(261)
Underlying operating profit	2,693	791	368	(1,220)	2,632
Non-trading items	–	–	–	–	–
Segment result	2,693	791	368	(1,220)	2,632
Finance income					25
Finance expense					(21)
Profit before tax					2,636
Tax					151
Profit after tax					2,787
Discontinued operations					(7)
Profit for the year					2,780

3 Segmental analysis continued

Eighteen months to 31 January 2014	Commercial Jet Broking £'000	Private Jet Broking £'000	Freight Broking £'000	Corporate costs £'000	Total £'000
Continuing operations					
Total revenues	212,810	78,699	19,970	–	311,479
Revenues from transactions with other operating segments	(2,736)	(162)	(324)	–	(3,222)
Revenues from external customers	210,074	78,537	19,646	–	308,257
Depreciation and amortisation	(203)	(105)	–	–	(308)
Underlying operating profit	5,024	1,985	389	(2,054)	5,344
Non-trading items (see note 5)	(220)	(155)	(33)	(984)	(1,392)
Segment result	4,804	1,830	356	(3,038)	3,952
Finance income					37
Finance expense					(32)
Profit before tax					3,957
Tax					(1,343)
Profit after tax					2,614
Discontinued operations					152
Profit for the year					2,766

The Group's revenue from external customers by geographical location is as follows:

	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	Total £'000
Continuing operations					
Year ended 31 January 2015					
Revenues from external customers	85,290	82,333	21,902	2,575	192,100
Non-current assets (excluding deferred tax assets)	2,094	1,017	66	–	3,177
Eighteen months to 31 January 2014					
Revenues from external customers	139,001	119,388	45,446	4,422	308,257
Non-current assets (excluding deferred tax assets)	968	736	280	27	2,011

Europe can be further analysed as:

	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Continuing operations					
Year ended 31 January 2015					
Revenues from external customers	29,586	26,328	19,103	7,316	82,333
Eighteen months to 31 January 2014					
Revenues from external customers	57,238	31,487	15,612	15,051	119,388

The Group did not have any customers who accounted for more than 10% of the Group's external revenue during the year (2014: nil).

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

	2015 £'000	2014 £'000
Continuing operations		
Net foreign exchange (gain)/loss	(24)	43
Change in the fair value of derivative financial instruments	(104)	(44)
Depreciation of property, plant and equipment	226	271
Amortisation of intangible fixed assets	35	37
Impairment of intangible assets	–	774
Impairment of trade receivables	124	346
Profit on disposal of asset held for resale	–	(82)
Loss on disposal of property, plant and equipment	5	4
Operating lease rentals – land and buildings	526	561
Operating lease rentals – other	69	71
Staff costs (see note 6)	13,066	19,775

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

	2015 £'000	2014 £'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	130	102
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)	19	13
Total audit fees	149	115

	2015 £'000	2014 £'000
Fees payable to the Company’s auditor and its associates for other services to the Group:		
Tax services	13	12
Other tax services	43	49
Total non-audit fees	56	61

5 Non-trading items

	2015 £'000	2014 £'000
Continuing operations		
Impairment of intangible assets	–	(774)
Restructuring costs	–	(618)
Non-trading items before taxation	–	(1,392)
Tax effect of non-trading items	–	332
Non-trading items after taxation	–	(1,060)

In the prior 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.

The reorganisation of the Group to report on a product-led basis resulted in restructuring costs of £618,000 in the prior period. These costs comprised redundancy payments, external legal advice, outplacement costs and were included within administrative expenses.

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

	2015 Number	2014 Number
Continuing operations		
Operations	104	124
Administration	91	72
	195	196

The aggregate payroll costs comprised:

	2015 £'000	2014 £'000
Continuing operations		
Wages and salaries	10,752	16,104
Social security costs	1,835	2,865
Pension costs	424	614
Share-based payments	55	192
	13,066	19,775

The Group contributes to personal pension plans of certain employees and this cost is charged to the income statement in the period 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

	2015 £'000	2014 £'000
Continuing operations		
Finance income		
Interest on bank deposits	25	37
Continuing operations	2015 £'000	2014 £'000
Finance expense		
Interest on bank overdrafts	8	10
Unwinding of discount on provisions	13	22
	21	32

8 Taxation

	Continuing operations		Discontinued operations		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current tax:						
UK corporation tax	207	724	(2)	47	205	771
Foreign tax	513	446	–	–	513	446
Current tax adjustments in respect of prior years	(788)	(108)	–	–	(788)	(108)
	(68)	1,062	(2)	47	(70)	1,109
Deferred tax (see note 22)	(83)	281	–	–	(83)	281
Total tax	(151)	1,343	(2)	47	(153)	1,390
Of which:						
Tax on underlying profit	(151)	1,675	(2)	54	(153)	1,729
Tax on non-trading items (see note 5)	–	(332)	–	(7)	–	(339)
	(151)	1,343	(2)	47	(153)	1,390

Corporation tax in the UK was calculated at 21.3% (2014: 23.4%) 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 period can be reconciled to the profit per the consolidated income statement as follows:

	2015 £'000	2014 £'000
Profit from continuing operations before tax	2,636	3,957
(Loss)/profit from discontinued operations before tax	(9)	199
Accounting profit before tax	2,627	4,156
Tax at the UK corporation tax rate of 21.3% (2014: 23.4%)	560	973
Effect of UK corporation tax rate at 23% from 1 February 2014 to 31 March 2014 (2014: 24% from 1 August to 31 March 2013)	–	5
Tax effect of items that are not recognised in determining taxable profit	(24)	219
Tax effect of losses not previously recognised	(82)	(8)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	181	309
Current tax adjustments in respect of prior years	(788)	(108)
Total tax (credit)/charge	(153)	1,390

The UK corporation tax rate decreased from 23% to 21% from 1 April 2014. The impact on the tax charge is shown above.

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

9 Discontinued operations

On 20 January 2014, management closed the Fuel department. Accordingly, results of the Fuel department, shown below which were previously disclosed as continuing operations, have now been disclosed as discontinued operations:

	2015 £'000	2014 £'000
Revenue	62	8,167
Cost of sales	(64)	(7,557)
Gross (loss)/profit	(2)	610
Administrative expenses	(7)	(411)
(Loss)/profit before tax	(9)	199
Taxation	2	(47)
Net (loss)/profit attributable to discontinued operations	(7)	152

Cash flows attributable to the Fuel department were as follows:

	2015 £'000	2014 £'000
Net operating cash flows	(7)	152

10 Dividends

	2015 £'000	2014 £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the eighteen month period ended 31 January 2014 of 14.0 pence (Final dividend for year ended 31 July 2012 of 12.7 pence) per share	1,407	1,303
Interim dividend for the year ended 31 January 2015 of 6.66 pence per share (First interim dividend for eighteen month period ended 31 January 2014 of 6.05 pence) per share	670	621
Second interim dividend for the eighteen month period ended 31 January 2014 of 14.0 pence per share	–	1,437
	2,077	3,361

The Air Partner Employee Benefit Trust, which held 199,236 ordinary shares at 31 January 2015 (2014: 224,932) representing 1.9% (2014: 2.2%) of the Company’s issued share capital is not entitled to receive dividends.

11 Earnings per share

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

	2015 £'000	2014 £'000
Continuing and discontinued operations		
Earnings for the calculation of basic and diluted earnings per share		
Profit attributable to owners of the parent company	2,780	2,766
Non-trading items	–	1,081
Underlying profit attributable to owners of the parent company	2,780	3,847
Number of shares	Number	Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,056,276	10,216,004
Effect of dilutive potential ordinary shares: share options	75,764	105,414
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,132,040	10,321,418

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for the year ended 31 January 2015 continued

11 Earnings per share continued

	2015 £'000	2014 £'000
From continuing operations		
Earnings		
Profit attributable to owners of the parent company	2,780	2,766
Adjustment to exclude loss/(profit) for the year/period from discontinued operations	7	(152)
Earnings for the calculation of continuing underlying basic and diluted earnings per share	2,787	2,614
Non-trading items	–	1,060
Earnings for the calculation of basic and diluted earnings per share	2,787	3,674
From discontinued operations	2015 £'000	2014 £'000
Earnings		
Earnings for the calculation of basic and diluted earnings per share	(7)	152
Non-trading items	–	21
Earnings for the calculation of discontinued underlying basic and diluted earnings per share	(7)	173

The denominators used are the same as those above for both basic and diluted earnings per share from continuing and discontinued operations.

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 5.

12 Goodwill

Group	£'000
Cost	
At 1 August 2012	871
Foreign currency adjustments	47
At 31 January 2014	918
Foreign currency adjustments	(80)
At 31 January 2015	838
Provision for impairment	
At 1 August 2012, 31 January 2014 and 31 January 2015	–
Net book value	
At 31 January 2015	838
At 31 January 2014	918
At 1 August 2012	871

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

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% (2014: 2%). The pre-tax rate used to discount the forecast cash flows was 11% (2014: 14%).

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.

13 Other intangible assets

Software	Group £'000	Company £'000
Cost		
At 1 August 2012	297	284
Additions	920	920
At 31 January 2014	1,217	1,204
Additions	705	701
Foreign currency adjustments	(1)	–
At 31 January 2015	1,921	1,905
Amortisation and impairment		
At 1 August 2012	10	7
Charge for the period	37	31
Impairment loss	774	774
At 31 January 2014	821	812
Charge for the year	35	30
Foreign currency adjustments	(1)	–
At 31 January 2015	855	842
Net book value		
At 31 January 2015	1,066	1,063
At 31 January 2014	396	392
At 1 August 2012	287	277

Other intangible assets comprise acquired software. Refer to notes 2 and 5 for further details regarding the nature of the impairment loss incurred during the prior financial period.

14 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 August 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
Additions	71	749	–	820
Foreign currency adjustments	(6)	(20)	(1)	(27)
Disposals	(119)	(88)	(3)	(210)
At 31 January 2015	769	2,427	–	3,196
Depreciation and impairment				
At 1 August 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
Charge for the year	83	143	–	226
Foreign currency adjustments	(3)	(11)	–	(14)
Disposals	(119)	(85)	(1)	(205)
At 31 January 2015	242	1,681	–	1,923
Net book value				
At 31 January 2015	527	746	–	1,273
At 31 January 2014	542	152	3	697
At 1 August 2012	636	236	18	890

14 Property, plant and equipment continued

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 August 2012	720	896	15	1,631
Additions	(5)	10	–	5
Disposals	–	(7)	–	(7)
At 31 January 2014	715	899	15	1,629
Additions	(1)	625	–	624
Disposals	–	–	(15)	(15)
At 31 January 2015	714	1,524	–	2,238
Depreciation				
At 1 August 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
Charge for the year	72	94	–	166
Disposals	–	–	(13)	(13)
At 31 January 2015	231	975	–	1,206
Net book value				
At 31 January 2015	483	549	–	1,032
At 31 January 2014	556	18	2	576
At 1 August 2012	648	98	3	749

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15 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 August 2012	1,179	1,098	2,277
Additions – capital contributions	–	122	122
At 31 January 2014	1,179	1,220	2,399
Additions – capital contributions	–	341	341
Additions – Group share-based payments	–	21	21
At 31 January 2015	1,179	1,582	2,761
Amounts provided			
At 1 August 2012	101	407	508
Impairment of investment in Air Partner Nordic AB	–	47	47
At 31 January 2014	101	454	555
Impairment of investment in Air Partner Nordic AB	–	173	173
Impairment of investment in Air Partner (Switzerland) AG	–	8	8
At 31 January 2015	101	635	736
Net book value			
At 31 January 2015	1,078	947	2,025
At 31 January 2014	1,078	766	1,844
At 1 August 2012	1,078	691	1,769

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% (2014: 2%). The pre-tax rate used to discount the forecast cash flows was 11% (2014: 14%). 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 S.A.S.	Air charter broking	France	100%
Air Partner International GmbH	Air charter broking	Germany	100%
Air Partner, Inc.	Air charter broking	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 Jet Charter and Sales Private Limited	Air charter broking	India	100%†

* 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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Gross trade receivables	14,764	13,680	7,212	7,538
Allowance for bad and doubtful debts	(385)	(381)	(128)	(235)
Trade receivables	14,379	13,299	7,084	7,303
Amounts owed by Group undertakings	–	–	1,683	774
Social security and other taxes	1,182	551	1,033	404
Other receivables	196	174	49	32
Prepayments and accrued income	5,272	6,788	2,441	4,079
	21,029	20,812	12,290	12,592

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

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 31 July 2012	151	61
Charge for the period	346	235
Receivables written off during the period	(116)	(61)
At 31 January 2014	381	235
Charge for the year	124	13
Receivables written off during the year	(120)	(120)
At 31 January 2015	385	128

Of the amounts impaired during the period, £33,000 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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Neither past due nor impaired	9,976	8,159	5,032	3,995
Past due but not impaired:				
– By not more than 3 months	3,588	3,463	1,383	2,112
– By more than 3 months but not more than 6 months	371	714	302	361
– By more than 6 months but not more than 1 year	215	423	136	291
– By more than 1 year	229	540	231	544
	14,379	13,299	7,084	7,303

17 Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	2,127	5,174	636	2,680
Other taxation and social security payable	533	572	161	173
	2,660	5,746	797	2,853

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

18 Other liabilities

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Accruals	3,499	3,689	1,487	1,662
Other liabilities	568	382	4	41
Amounts owed to Group undertakings	–	–	741	23
	4,067	4,071	2,232	1,726

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

19 Provisions

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Administration claims	478	465	478	465
Restructuring	34	269	–	210
	512	734	478	675

	Group			Company		
	Administration claims £'000	Restructuring £'000	Total £'000	Administration claims £'000	Restructuring £'000	Total £'000
At 1 February 2014	465	269	734	465	210	675
Utilisation of provision	–	(238)	(238)	–	(210)	(210)
Unwinding of discount	13	–	13	13	–	13
Foreign currency adjustments	–	3	3	–	–	–
At 31 January 2015	478	34	512	478	–	478

A provision of £478,000 (2014: £465,000) 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.

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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash held at year end on fixed interest rates	6,712	3,314	2,219	12
Cash held at year end on variable interest rates	12,082	15,105	8,510	10,887
	18,794	18,419	10,729	10,899

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% to 0.5% (2014: 0.0% to 0.5%).

Group	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash held at year end on variable interest rates	121	151	(121)	(151)

Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash held at year end on variable interest rates	85	109	(85)	(109)

20 Financial instruments continued

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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash and cash equivalents	18,794	18,419	10,729	10,899
Trade and other receivables	15,543	13,622	9,385	8,125
	34,337	32,041	20,114	19,024

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 2015, the Group and Company’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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade and other payables	19,719	17,615	–	–	–	–	–	–
Derivative financial instruments	150	46	–	–	–	–	–	–
	19,869	17,661	–	–	–	–	–	–

Company	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade and other payables	14,354	11,607	–	–	–	–	–	–
Derivative financial instruments	150	46	–	–	–	–	–	–
	14,504	11,653	–	–	–	–	–	–

20 Financial instruments continued

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	2015 £'000				2014 £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	18,134	5,973	9,930	300	15,998	5,949	9,689	405
Financial liabilities	(14,877)	(3,277)	(1,382)	(183)	(10,916)	(4,111)	(2,513)	(74)
Short-term exposure	3,257	2,696	8,548	117	5,082	1,838	7,176	331
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	3,257	2,696	8,548	117	5,082	1,838	7,176	331

Company	2015 £'000				2014 £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	9,220	2,232	8,904	(74)	7,273	3,041	8,814	(104)
Financial liabilities	(12,086)	(570)	(1,618)	(80)	(7,310)	(1,739)	(2,531)	(27)
Short-term exposure	(2,866)	1,662	7,286	(154)	(37)	1,302	6,283	(131)
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–
Long-term exposure	–	–	–	–	–	–	–	–
	(2,866)	1,662	7,286	(154)	(37)	1,302	6,283	(131)

Notes to the financial statements
for the year ended 31 January 2015 continued

20 Financial instruments continued

d) Foreign currency risk continued

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 2015 (2014: 10%). A 10% change is also assumed for the Sterling/US Dollar exchange rate (2014: 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.

If Sterling had strengthened against the Euro and US Dollar by 10% (2014: 10%) and 10% (2014: 10%) respectively the impact would have been as follows:

Group	2015 £'000			2014 £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,813)	(597)	(2,410)	(1,600)	(595)	(2,195)
Financial liabilities	1,488	328	1,816	1,092	411	1,503
Effect on profit before tax	(325)	(269)	(594)	(508)	(184)	(692)

Company	2015			2014		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(922)	(223)	(1,145)	(727)	(304)	(1,031)
Financial liabilities	1,209	57	1,266	731	174	905
Effect on profit before tax	287	(166)	121	4	(130)	(126)

If Sterling had weakened against the Euro and US Dollar by 10% (2014: 10%) and 10% (2014: 10%) respectively the impact would have been as follows:

Group	2015			2014		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,813	597	2,410	1,600	595	2,195
Financial liabilities	(1,488)	(328)	(1,816)	(1,092)	(411)	(1,503)
Effect on profit before tax	325	269	594	508	184	692

Company	2015			2014		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	922	223	1,145	727	304	1,031
Financial liabilities	(1,209)	(57)	(1,266)	(731)	(174)	(905)
Effect on profit before tax	(287)	166	(121)	(4)	130	126

20 Financial instruments continued

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 (2014: 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 2015):

Group and Company	2015 £'000	2014 £'000
Forward foreign exchange contracts – notional amount	2,261	2,672
Financial liability	(150)	(46)

Changes in the fair value of derivative financial instruments amounting to £104,000 have been charged to the income statement in the period (2014: credit of £44,000).

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.

g) Financial assets by category

Group	2015 £'000	2014 £'000
Loans and receivables	34,337	32,041
Current assets which are not financial assets	6,643	7,855
Total current assets	40,980	39,896

Company	2015 £'000	2014 £'000
Loans and receivables	20,114	19,024
Current assets which are not financial assets	3,389	4,467
Total current assets	23,503	23,491

Notes to the financial statements
for the year ended 31 January 2015 continued

20 Financial instruments continued
h) Financial liabilities by category

Group	2015 £'000	2014 £'000
Financial liabilities held at fair value through profit or loss	(150)	(46)
Financial liabilities measured at amortised cost	(5,604)	(8,863)
Current liabilities which are not financial liabilities	(25,391)	(20,732)
Total current liabilities	(31,145)	(29,641)
Company	2015 £'000	2014 £'000
Financial liabilities held at fair value through profit or loss	(150)	(46)
Financial liabilities measured at amortised cost	(2,864)	(4,365)
Current liabilities which are not financial liabilities	(14,640)	(11,345)
Total current liabilities	(17,654)	(15,756)

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 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:

	2015		2014	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding as at start of period	899,067	343.7	1,043,766	411.1
Granted during the period	–	–	201,151	14.4
Forfeited during the period	(171,235)	237.7	(176,905)	715.7
Exercised during the period	(25,696)	314.0	(168,945)	340.6
Outstanding at period end	702,136	371.9	899,067	343.7
Exercisable at period end	346,520	579.3	425,416	541.8

The weighted average remaining contractual life of share options outstanding at the year end was 5.79 years (2014: 6.307 years).
The exercise prices of share options outstanding at year-end ranged from nil pence to 884 pence (2014: nil pence to 884 pence).
The total charge for the year relating to employee share-based payment plans was £55,000 (2014: £192,000), all of which related to equity share-based payment transactions.

22 Deferred tax

Deferred tax has been calculated at 20% (2014: 20%) 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 the Company with 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 2012	183	246	–	40	469
Exchange differences on opening balances	(4)	(7)	–	2	(9)
(Charge)/credit to the income statement	(139)	(239)	62	35	(281)
Credit direct to equity	–	–	68	–	68
At 31 January 2014	40	–	130	77	247
Exchange differences	–	–	–	(39)	(39)
(Charge)/credit to the income statement	(124)	130	–	77	83
Credit direct to equity	–	–	8	–	8
At 31 January 2015	(84)	130	138	115	299

Company	Net accelerated tax depreciation £'000	Share-based payment £'000	Total £'000
At 1 August 2012	30	–	30
(Charge)/credit to the income statement	(11)	62	51
Credit direct to equity	–	68	68
At 31 January 2014	19	130	149
Charge to the income statement	(112)	–	(112)
Credit direct to equity	–	8	8
At 31 January 2015	(93)	138	45

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Deferred tax assets	299	247	45	149

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 £41,000 (2014: £317,000) for which no deferred tax asset was recognised, as it is not considered probable that there will be future taxable profits available.

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.

In other subsidiaries, the employees are members of state-managed retirement funds operated by respective governments, with contributions payable being a specified percentage of payroll costs. The only obligation of the group with respect to the retirement benefit scheme is to make the specified contributions. The total cost charged to income of £424,000 (2014: £614,000) represents contributions payable to these various schemes by the Group. As at the balance sheet date £11,000 (2014: £10,000) was accrued in respect of such schemes.

24 Share capital

	2015 £'000	2014 £'000
Authorised		
15,000,000 (2014: 15,000,000) ordinary shares of 5.0 pence each	750	750
Issued and fully paid		
10,261,693 (2014: 10,261,693) 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 and Company £'000
Balance at 1 February 2014	1,154
Disposed of on exercise of options	(103)
Balance at 31 January 2015	1,051

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 prior 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 2015 was 199,236 (2014: 224,932).

26 Net cash inflow from operating activities

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit for the year				
Continuing operations	2,787	2,614	1,283	3,577
Discontinued operations	(7)	152	(7)	152
	2,780	2,766	1,276	3,729
Adjustments for:				
Dividends received	–	–	–	(1,632)
Finance income	(25)	(37)	(15)	(36)
Finance expense	21	32	19	26
Income tax (credit)/expense	(153)	1,390	(282)	541
Depreciation and amortisation	261	308	196	208
Impairment of intangible assets	–	774	–	774
Impairment of investments	–	–	181	47
Loss on disposal of property, plant and equipment	5	4	2	1
Profit on disposal of asset held for sale	–	(82)	–	–
Fair value (gains)/losses on derivative financial instruments	104	(44)	104	(44)
Share option cost for period	55	192	55	192
(Decrease)/increase in provisions	(238)	10	(210)	165
Foreign exchange differences	496	(182)	543	(209)
Operating cash flows before movements in working capital	3,306	5,131	1,869	3,762
(Increase)/decrease in receivables	(773)	10,351	302	5,354
Increase/(decrease) in payables	2,343	(6,404)	1,805	(1,116)
Cash generated from operations	4,876	9,078	3,976	8,000
Income taxes paid	(463)	(1,801)	(291)	(700)
Interest paid	(8)	(32)	(6)	(26)
Net cash flow from operating activities	4,405	7,245	3,679	7,274

27 Operating lease arrangements

	2015 Land and buildings £'000	2014 Land and buildings £'000	2015 Other £'000	2014 Other £'000	2015 Total £'000	2014 Total £'000
The Group as lessee						
Minimum lease payments under operating leases recognised as costs for the period	526	561	69	71	595	632

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

	2015 Land and buildings £'000	2014 Land and buildings £'000	2015 Other £'000	2014 Other £'000	2015 Total £'000	2014 Total £'000
The Group as lessee						
Within one year	469	442	56	61	525	503
In the second to fifth year inclusive	1,309	1,230	94	114	1,403	1,344
After five years	490	795	–	–	490	795
	2,268	2,467	150	175	2,418	2,642

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.

Notes to the financial statements

for the year ended 31 January 2015 continued

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 £1,251,000 (2014: £3,729,000) including dividends from subsidiary companies of £nil (2014: £1,632,000). 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	2015 £'000	2014 £'000
Subsidiaries		
Sales to subsidiaries	116	310
Purchases from subsidiaries	1,255	2,401
Amounts owed by subsidiaries at period end	1,683	774
Amounts owed to subsidiaries at period end	(741)	(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 Board of directors)	2015 £'000	2014 £'000
Short-term employee benefits	581	1,191
Post-employment benefits	44	59
Termination benefits	–	191
Share-based payment	–	30
	625	1,471

In addition to the above amounts, key management personnel who were also shareholders received £26,000 of dividends in respect of their shareholdings in the year ending 31 January 2015 (period ending 31 January 2014: £385,000).

Board of director’s remuneration in accordance with Schedule 5 of the Accounting Regulations was as follows:

Aggregate directors’ remuneration	2015 £'000	2014 £'000
Salaries, fees, bonuses and benefits in kind	581	1,382
Gains on exercise of share options	–	92
Money purchase pension contributions	44	59
	625	1,533

Two (2014: two) directors are members of money purchase pension schemes.

Further information about the remuneration of individual directors is provided in the audited part of the Directors’ remuneration report on pages 59 to 64.

30 Contingent liabilities

The Group had issued the following guarantees at 31 January 2015.

Description	Currency	2015 £'000	2014 £'000
Passenger sales agency agreement	Sterling	398	376
Dubai employee rights	Sterling	17	17
Aircraft operator	Euros	1,400	–
Aircraft operator	Euros	47	–
Rental deposit	Euros	11	–

In addition, the Company’s bankers hold a free and floating charge over the Company’s assets.

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