AIR PARTNER

CREATING VALUE BY PUTTING CUSTOMERS FIRST

AIR PARTNER PLC ANNUAL REPORT 2016

Air Partner

Air Partner is a global aviation services group listed on the London Stock Exchange.

Founded in 1961, the Group provides aviation solutions to all kinds of organisations and individuals anywhere in the world to fulfil all types of customer need on a 24/7 basis.

Our team of knowledgeable aviation experts is focused on delivering exceptional customer experience and innovative solutions, consistently and proactively.

By putting customers first, combined with a unique range of services, Air Partner is able to create, develop and sustain a large and diversified portfolio of customers.

This builds brand reputation, profitable sales, business growth and delivers long term value to our customers, employees and shareholders.

Throughout this Annual Report "Air Partner", "the Company", "the Group" is used to describe Air Partner plc.

Performance highlights

Financial highlights:

- Underlying PBT of £4.3m, an increase of 64%
- Underlying EPS of 29.7p, an increase of 7%
- Statutory PBT up 20% to £3.2m
- Group cash, excluding JetCard deposits, at £3.0m (£4.7m) following acquisitions (£2.3m net) and working capital movements
- Net debt, excluding JetCard cash, of £0.5m equivalent to 0.1 times EBITDA§
- Proposed final dividend of 16.9p up 10%, taking the total for the year to 24.3p

Group highlights:

- After successful trials, our Customer First programme has been rolled out across the global broking business
- Acquisition of Cabot Aviation Services Limited, a leading aircraft remarketing company, announced in May 2015 for a net consideration of up to £0.8m
- Acquisition of Baines Simmons Limited, a world leader in aviation safety consulting, announced in August 2015 for a net consideration of up to £5.3m
- Dividend policy announced, targeting cover between 1.5 and 2.0 times

	Year ended 31 January 2016 (audited)	Year ended 31 January 2015* (unaudited)	%
Gross transaction value*	**£210.8m**	£192.1m	9.7%
Gross profit	**£27.3m**	£22.0m	23.8%
Underlying profit before tax†	**£4.3m**	£2.6m	63.7%
Statutory profit before tax	**£3.2m**	£2.6m	20.0%
Cash#	**£19.8m**	£18.8m	5.3%
Underlying basic EPS (p)†	**29.7p**	27.7p	7.2%
Basic continuing EPS	**19.1p**	27.8p	(31.0%)
Final dividend (p)	**16.9p**	15.4p	10.0%

§ EBITDA is calculated as underlying profit before tax, adjusted for depreciation, amortisation and amortisation on acquisition-related intangible assets.

* following the change in revenue recognition (see note 2 on page 89), gross transaction value, as opposed to the statutory revenue amount of £49.9m (2015: £37.6m), is stated.

† "underlying" excludes other items (see note 7 on page 98) and discontinued operations.

includes JetCard cash of £16.8m (2015: £14.1m), of which £2.8m held on a customer account (2015: £1.8m).

Group at a glance

Air Partner provides aviation services and solutions in air charter, specialist travel management, crisis and emergency planning, aircraft remarketing and aviation safety consultancy.

Our customers range from industry, commerce and governments to private individuals.

Our team of 260 aviation professionals deliver our services across the globe, through our presence in 20 key locations and especially in our key markets in Europe, North America, the Middle East and Asia.

We operate a full 24-hour flight operations centre, ensuring our customers have instant access to our services, wherever they are in the world and whatever the time.

Organisationally we offer five services: Commercial Jets, Private Jets, Freight, Cabot Aviation (aircraft remarketing) and Baines Simmons (aviation safety consultancy). This section provides a detailed description of each division.

Case studies which illustrate how we put our customers first, delivering complex and comprehensive solutions through exceptional customer service, in each of these divisions, can be found on the following pages:

Commercial Jets, pages 6 and 7

Private Jets, pages 14 and 15

Freight, pages 20 and 21

Cabot Aviation, pages 24 and 25

Baines Simmons, pages 28 and 29

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 Jets 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 Jets 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 for occasional private jet charter, regular trips, or for pre-purchase simplicity and flexibility with our unique and highly successful JetCard.

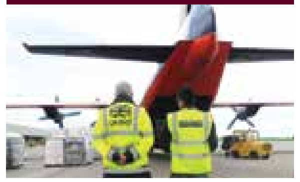
A dedicated team of account managers is on call around the clock, ready to respond to any change in requirements and ensure the experience is always at the highest level of comfort and security for our customers.

Why people flew with us

- Business meetings
- Corporate conventions
- Corporate roadshows
- Family weekend breaks
- Significant life event celebrations
- 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, reliably and at the best possible rates. 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
- Orchestral tours
- Sporting gear for global events
- Aerospace equipment

Cabot Aviation

A global aircraft remarketing service akin to second-hand sales, covering both commercial and private jets

Cabot Aviation is a leading aircraft remarketing specialist working with a global spectrum of major airlines and the financial services sector.

Cabot Aviation acts as an agent and broker to airlines and aircraft owners, such as banks, lessors, manufacturers, insolvency practitioners and high net worth individuals, to dispose of their surplus aircraft by arranging either a sale or lease of the aircraft.

Cabot Aviation also advises customers on the acquisition of aircraft and their fleet management process.

Cabot Aviation is represented in the UK, Europe, Middle East and Africa, Russia and CIS, Americas and Asia Pacific.

Skilled remarketing

- Commercial jet remarketing
- Private jet remarketing
- Aircraft acquisition
- Wet leasing – ACMI or charter
- Aviation consultancy
- Aircraft technical services
- Portfolio management

Baines Simmons

A world-leading aviation safety consultant, specialising in regulation, compliance, safety management, training, consulting and outsourcing

Baines Simmons is a world-leading aviation safety consultancy which specialises in aviation regulation, compliance and safety management and which partners with both civil and defence aviation organisations to improve safety performance.

Through its bespoke consultancy programmes and practically focused training services, Baines Simmons helps to bridge gaps of knowledge, competence, skills and understanding between regulated organisations and their employees, and regulatory authorities and their inspectors.

Our Outsourcing operation is mostly formed around the aviation support services which we provide to the Isle of Man Aircraft Registry.

World-leading safety advice

- Safety risk management performance
- Compliance monitoring and auditing
- Global military error management systems
- Defence and civil training academies
- Continuing airworthiness management
- Active safety leadership
- Safety culture
- Just culture
- Competence assessment
- Aircraft registries
- Investigation services

Chairman's statement

Richard Everitt
Chairman

"Our strategy is to build a world-class aviation services group, delivering tailored and comprehensive aviation solutions to our customers globally."

Strong full year results

The Board is pleased to report a strong performance for the year ended 31 January 2016. Gross profit rose by 24% to £27.3m while underlying operating profit and underlying profit before tax increased by 67% and 64% respectively, reflecting the Group's strong trading performance. Reported pre-tax profit rose by 20% to £3.2m after a charge of £1.1m relating to acquisitions and restructuring costs. Basic continuing EPS, however, fell by 31% due to the non-recurrence of the prior year tax credit.

The strong underlying performance resulted from improved trading across all our broking operations with outstanding performances in Private Jets, which increased its underlying operating profit by over 200% to £2.4m (2015: £0.8m), and Freight, which doubled its underlying operating profit to £0.8m (2015: £0.4m). Commercial Jets, our largest division, delivered a 10% increase in underlying operating profit to £3.0m (2015: £2.7m). Baines Simmons, for the period of ownership, incurred a small loss as a result of the disruption caused by the sale process and the costs associated with the change in ownership.

The Group's underlying basic earnings per share has increased by 7% to 29.7p. This is lower than the increase in underlying pre-tax profits, reflecting the non-recurrence of last year's tax credits coupled with a non-recurring US tax item. Excluding this, underlying basic earnings per share would have been 33.1p.

The reduction in non-JetCard cash of £1.7m to £3.0m was driven by a positive inflow from operating items offset by £2.3m being utilised for the acquisition of Baines Simmons and Cabot Aviation, £2.3m relating to dividends and £0.3m negative working capital due to an increase in receivables from our larger credit customers. Taking into account the £3.6m bank loan associated with the acquisition of Baines Simmons, our year end net debt was £0.5m, excluding JetCard cash, equivalent to 0.1 times EBITDA.

A clear strategy

We have made good progress against our clear strategy to build a world-class aviation services group which delivers tailored and comprehensive aviation solutions to our global customers. We are achieving this organically through continuous operational improvement, optimisation of existing resources and enhancement of our capabilities and services. Where appropriate, we will acquire complementary capabilities and services that either add to or enhance our customer offer, enabling us to leverage our existing global office network and enhance the quality and visibility of our earnings.

Our Customer First programme is a clear commitment to continuous organic improvement and optimisation. Customer First unequivocally puts our customers at the heart of every decision that we make and, with improved services and efficiencies, it will enable us to differentiate our offer and build upon our already strong brand identity. Following successful trials which began in September 2015, the programme, which involves a new way of working, was rolled out across the entire broking business at the beginning of the new financial year. We plan to roll out Customer First across the entire Group in 2016.

Over the course of the financial year, we acquired two businesses with excellent reputations in their respective markets, which have enhanced and extended our capabilities and services. In May 2015, Air Partner acquired Cabot Aviation, a leading global aircraft remarketing broker, for a total net consideration of up to £0.8m. In August 2015, Baines Simmons, a world-leading aviation safety consultant, was acquired for an initial net cash consideration of up to £5.3m, and up to a further £0.6m based on operating performance in the year ending 31 January 2018. We are very pleased with customer responses and we are confident that both businesses will thrive as part of our Group in the years ahead as we integrate and invest for growth.

Dividend policy

The Board has proposed a final dividend of 16.9p, a year-on-year increase of 10%, taking the full year dividend to 24.3p which is also a year-on-year increase of 10% and which is equivalent to a 1.4 times dividend cover on adjusted underlying EPS. Subject to approval at the Annual General Meeting on 29 June 2016, the final dividend is expected to be paid on 6 July 2016 to those shareholders registered at close of business on 10 June 2016. The ex-dividend date will be 9 June 2016.

Since moving to a main market listing in November 1995 and following payment of the proposed final dividend, we will have returned over £44m of cash to shareholders in the form of ordinary and special dividends. Then, Air Partner had 35 staff in three locations across two countries and a market capitalisation of £9m. Today we have 260 staff in 20 locations across eight countries, with a market capitalisation of £43m. We have adapted to serve a global economy and a very dynamic aviation market, engaging with a broader variety of customers in ways we could never have foreseen at the time of our IPO. We have maintained our leadership by expanding our capabilities and services, investing in our people, our global office network and IT infrastructure and along the way have introduced innovative new solutions and products such as JetCard. During this 20-year period, our operating profit has increased at a compound annual growth rate of 9%.

We have always taken a conservative approach to our financing. Organic business development, together with day-to-day working capital needs, has been primarily funded from free cash flow and we have consistently maintained a strong balance sheet. We will continue to adopt a prudent approach to our financial strategy, balancing the need to invest for future growth as well as delivering shareholder returns.

The Board believes that there are further opportunities to grow the business and we will continue to pursue appropriate businesses if there is a strong commercial and strategic logic and if such opportunities meet our strict financial criteria. Acquiring businesses of the quality and stature of Cabot Aviation and Baines Simmons was the result of extensive groundwork and analysis by the management team, and these two businesses will make great contributions to the Group in the years ahead. We will maintain our conservative financing and, where appropriate, fund small and medium sized acquisitions with self-generated free cash flows. The Board has reviewed the Group's dividend policy and determined that it should continue to pay a progressive dividend while at the same time aiming to build cover to between 1.5 and 2.0 times underlying EPS.

Board changes

On 20 April 2016, we announced that Amanda Wills CBE and Shaun Smith would be joining the Board as Independent Non-executive directors with effect from 20 April 2016 and 1 May 2016 respectively.

Amanda started her career with Airtours plc in 1987 and was CEO of Virgin Holidays Travel Group from 2001 to 2014. She is currently Non-executive director of eDreams ODIGEO S.A., a global online travel agency listed on the Madrid Stock Exchange, and Chairman of Urbanologie.com, a digital start up business catering for the high net worth and luxury sector. Amanda was awarded a CBE in the Queen's 2015 New Year Honours list for services to the British travel industry and to charity.

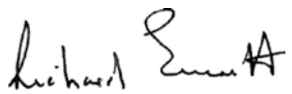
Shaun Smith began his career in retail management and corporate treasury at Marks and Spencer plc before joining Aga Rangemaster Group plc (formerly Glynwed International plc) in 1989, becoming Group Treasurer in 1999 and Group Finance Director from 2001, until its recent takeover. He was appointed Group Finance Director of Norcros plc on 4 April 2016.

We also announced that Andrew Wood, Independent Non-executive director, Senior Independent director and Chairman of the Audit and Risk Committee has decided to step down from the Board after five years and will retire as a director at the Company's AGM on 29 June. On Andrew's retirement, Peter Saunders will be appointed as Senior Independent director and Shaun Smith will be appointed Chairman of the Audit and Risk Committee.

I would like to take the opportunity to thank Andrew Wood for his valued service to the Company over the past five years and his significant contribution to the Board and the Audit and Risk and Remuneration Committees. Andrew's experience and financial knowledge have greatly benefited the Company and on behalf of the Board I wish him well for the future.

Outlook

Trading so far in the new financial year is encouraging, and given the full year contribution that we expect from Cabot Aviation and Baines Simmons, we enter the new financial year with a degree of optimism. The Board remains confident that its strategy to optimise, enhance and extend our capabilities and services will continue to create shareholder value.



Richard Everitt
Chairman
27 April 2016

COMMERCIAL JETS

A CAR LAUNCH AND 5,000 RETAILERS COMING FROM ALL OVER EUROPE

Air Partner delivered 5,000 people...

...on 90 flights, over 22 days, from 23 countries and 33 European departure airports, to the Spanish event destination. (And their luggage arrived safely too.)

Charter and scheduled tickets

Although the event took place in peak holiday season, Air Partner was able to charter exclusive use of two aircraft for the whole project period. And provide the 5,000 visitors with scheduled tickets for the journey to their departure airports.

Pre-airport check-in

So that departing visitors could avoid long waits and check-in queues at the airport, Air Partner arranged for two check-in counters in the lobby of their hotel. Visitors could check-in comfortably after a leisurely breakfast. Air Partner also looked after registering their luggage and ensuring that everyone had their boarding passes.

In-flight service

On all flights, Air Partner's customer-focused ServicePLUS team had organised an automatic catering upgrade for the passengers.

Air Partner took responsibility for 7,497 pieces of luggage

From the arrival airport in Spain to the event hotel, from 90 flights, over 22 days – and then back again – Air Partner arranged transfer for 7,497 pieces of luggage.

Customer information: always on track

During the entire project, after each flight, Air Partner updated our customer on expected arrival times, number of passengers and pieces of luggage on board. This gave our customer constant visibility of information and reassurance that visitors were being delivered as expected.

Logistical expertise

With a lead time of only six weeks, the Air Partner project team had successfully arranged the preparation and implementation of this logistically complex flight project. Air Partner's project leaders, as well as dedicated supervisors at each airport, took care of the organisation of the flight and luggage logistics in Spain.

JOB DONE

Chief Executive's review

Mark Briffa
Chief Executive Officer

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Customer First feedback...

"Great service and a good swift response given the short notice of the request. The fully flat bed option was exactly what our CEO needed so that too was a good bonus. Thanks very much."

"My wife and I are huge Air Partner fans and look forward to our next flight."

"I always receive excellent service from Air Partner. The staff are always proactive in finding aircraft at short notice and solving any issues as they arise. If a problem occurs I am contacted and offered a solution, rather than just being told there is a problem. I book with confidence when using Air Partner and they have not let me down, so thank you for the great service."

"Great service, you and Ops team attention to detail, reaction times and going the extra mile is fantastic. Thank you."

"A great team. Long-suffering, never flinching however last-minute the passenger request, and always on hand to comment or help, regardless of the time."

"Can I thank you all for a brilliant service today? We couldn't have asked for more and wish to thank you for your kind hospitality and service."

"Putting our customers first is now at the heart of everything we do – and that's how we create value."

The strong results in the year are encouraging and provide a solid platform for the year ahead. Within Broking, all divisions contributed to the success in the period with a standout performance in UK Private Jets, along with a robust performance in Freight and a strong performance in Commercial Jets. Cabot Aviation, which is included within our Commercial Jets reporting, completed a number of transactions while also signing up new mandates. Baines Simmons was in line with our expectations, taking into account the costs related to moving from a private business to being part of a fully-listed public limited company, as well as the business disruptions which were created through the sale process.

The Group's underlying profit before tax has increased to £4.3m, which is a 64% increase year-on-year and reflects the tremendous effort made by all our staff. We made encouraging progress on the implementation of our Customer First programme. By putting our customers first, we can provide an unrivalled and differentiated service, together with a value for money proposition, a formula which is good for all of those who fly with us as well as for our shareholders.

I am delighted to welcome two new brands to the Air Partner Group: Cabot Aviation, a leading remarketer of commercial and private aircraft, and Baines Simmons, a world-leading consultancy and training business in the aircraft safety regulation sector. Both companies have outstanding reputations and exceptional expertise that bring new capabilities and services to Air Partner. We believe that many exciting opportunities lie ahead and that together we are in a stronger position than ever before to deliver a range of customer-focused aviation solutions.

Customer First

During 2015, Air Partner embarked on our Customer First programme, to further grow and extend the differentiation of our customer service proposition. Customer First will enable Air Partner to provide an unrivalled customer experience which in turn will enhance our brand and differentiate our brand identity.

Following an extensive customer feedback exercise during 2014, we identified certain components of our customers' interaction with Air Partner that were inconsistent. The programme was put in place to enable us to understand these inconsistencies and then to put into place an integrated approach to all of the component parts and touch points of our customers' interaction with us.

By being proactive rather than reactive and by listening to our customers' needs, we can provide an augmented customer approach which, alongside developments and improvements in our operating processes, should facilitate an improved efficiency in our customer service delivery. Customer First will be an enabler towards ensuring that our people, our processes and our systems work in a true partnership with our customers.

The understanding and building of our customer journeys formed much of the Customer First activity during the year, with extensive product and country trials implemented in September 2015. Phase 1 of the programme has been completed with the roll out across the entire broking business. We are now beginning to apply Customer First principles into Cabot Aviation and Baines Simmons. This involves the forensic understanding of customer touch points, through identification to retention and how the businesses can leverage the Group's knowledge, infrastructure and learnings from the Customer First programme.

Chief Executive's review continued

Commercial Jets highlights:

- Our largest division delivered a good set of results over the year
- The UK, our largest Commercial Jets country, had a very strong year
- Strong contributions from Oil & Gas and Sports
- A successful Tour Operating programme in Europe

Cabot Aviation highlights:

- Joined the Air Partner family in May 2015
- A seamless integration into the business
- Enhanced proposition into private jets
- Successfully secured exclusive mandates

Our customers are vital to Air Partner's success and we are committed to fully understanding their needs and requirements. Our Customer First sales and marketing strategy will further enable us to identify and attract new customers who, once on board, will benefit from the experience and expertise of our most important assets, our people.

Commercial Jets

Gross profit in the period increased by 12% to £14.0m and underlying operating profit rose by 10% to £3.0m. The increase has largely been driven by strong trading in the UK and in Europe, which benefited from a larger tour operating programme compared to summer 2014. During the period, Air Partner was the beneficiary of a guarantee from one of its Tour Operator customers in Southern Europe, and in the latter part of the financial year following late payment from the customer, Air Partner claimed against the guarantee. The claim was disputed by the guarantor and is now subject to court action. As a result of the legal dispute, we took a £0.4m provision in the second half, pending the outcome. Adjusting for this provision, underlying operating profit rose by 23% over the year.

Within the UK Commercial Jets team, we increased our focus on developing a clearer sales strategy, invested in key talent and focused on improving the service levels we provide to our customer base. Success stories for the UK include a strong contribution in the Oil & Gas and Sports sectors, along with continued government work.

Trading in Commercial Jets in Europe has been pleasing, benefiting from a larger tour operating programme as well as a strong performance in Germany. Austria delivered a stable performance while results in Italy were down year-on-year, mostly due to government-related work in the previous year which has not been repeated this year. Despite some new customer gains, the performance in the US has been behind our expectations due to a lower number of one-off charters, as well as less activity than expected from a key customer.

Cabot Aviation results are included within the Commercial Jets division. Cabot Aviation's main business is acting as agent and broker to airlines (flag carriers and regional) and other aircraft owners, such as banks, operating lessors, manufacturers and insolvency practitioners, to dispose of their surplus aircraft, by arranging either a sale or lease of the aircraft. Cabot Aviation also advises customers on the acquisition of aircraft and their fleet management process.

The acquisition added significant aircraft sales and dry lease expertise which complemented Air Partner's short term wet lease activity. The integration of Cabot Aviation has gone well and in November 2015 we announced the extension of our remarketing product range to include Private Jets. We have also placed our wet lease operations, ACMI (Aircraft, Crew, Maintenance and Insurance), within the remit of the Cabot Aviation management team.

Cabot Aviation has benefited from being part of the Air Partner Group operationally as well as from the financial stability which the Group provides. In the second half of the year, Cabot Aviation was appointed as exclusive marketing agent by China Airlines for two B747-400s and by Kenya Airways for four B777-200ERs, two of which have been delivered at the start of our new financial year.

Sadly Malcolm Holt, co-founder of Cabot Aviation, passed away in November 2015 after a period of illness. Malcolm and his co-founder Tony Whitty started the business in 1998 and grew it to become one of the leading specialist aircraft remarketing agents in the world. It is testament to their combined efforts that the business continues to thrive under Tony's sole leadership within the Group.

"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."

Private Jets highlights:

- An outstanding performance in the year, particularly in the UK
- Both Ad hoc and JetCard contributing to the success
- JetCard cash balances at £14.0m, utilisation increased 33%
- Cognisant of the need to improve in Europe and the US

Private Jets

Our Private Jets division comprises two distinct product offerings: JetCard, Air Partner's private jet card programme with transparent pricing and no hidden charges, and Ad hoc broking, our on-demand charter service.

Through Customer First we have a clear competitive advantage and an unrivalled ability to offer a differentiated service proposition to our customers. Over time, this should create a virtuous circle where we will attract the right customers and improve customer loyalty. The principal of our ongoing success is both the understanding of the competitive landscape as well as our relationship approach to our customers. By listening to and understanding our customers' needs, we are able to provide them with solutions tailored to their needs.

Continued investment in our service quality together with our 24-hour, 7-day-a-week office, helps maintain and grow our portfolio of customers. Our account management and sales teams offer a length and breadth of experience that is the envy of the industry. They have always been and remain today at the core of everything we do and they are supported with products, services, guarantees and a global brand that stands out in a noisy and fragmented marketplace.

Furthermore, unlike buying, leasing or fractional ownership, all our products offer the opportunity to judge the cost of each charter flight as a stand-alone purchase, empowering purchasing departments and individuals alike to judge the return on investment in each case and utilise the charter market as cost-effectively as possible.

We are already reaping the benefits of getting closer to our customers, with gross profit in the period increasing by 17% to £9.4m and underlying operating profit rising threefold to £2.4m, an outstanding performance although prior year profits were negatively impacted by increased investments into JetCard and redundancy costs which we incurred in Europe.

Nevertheless, the increased profitability was largely driven by a very strong performance in the UK, a solid performance in Europe but somewhat offset by a weaker performance in the US.

Our Ad hoc broking performance has been mixed. Total gross profit has increased well but while the performance in the UK has been strong, the US and European businesses have experienced a decline in gross profit when compared to last year, albeit a sharp focus on costs has minimised the impact at an operating profit level. We will be addressing this during the current year.

For JetCard, there are a number of measurements which highlight its strong performance. JetCard cash deposits at the year end stood at £16.8m, up on the prior year balance of £14.1m, and the number of JetCards stood at 209, an increase of 12 year-on-year. JetCard profit is not recognised until the customer has flown hours and our focus has been to increase the number of cards and to improve the frequency of use, which is reflected in the utilisation rate. Utilisation has increased by an impressive 33% in the year following 22% utilisation in the first half of the year. Overall, this performance is a great testament to our flexible card product which was verified by Conklin and de Decker, in an independent study in April 2015, to be the most flexible product in the market.

Chief Executive's review continued

Freight highlights:

- Investment in the freight division has positively impacted 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

Baines Simmons highlights:

- Joined the Air Partner family in August 2015
- Transition from a private company to being part of a plc
- New operational and financial reporting structures in place
- Awarded a 10-year contract with the Isle of Man Aircraft Registry

Freight

Freight has been performing well since the second half of last year and in the period delivered a 21% increase in gross profit to £1.9m and an underlying operating profit of £0.8m, an increase of over 100% year-on-year.

We have continued our work with government aid agencies to assist in a number of geopolitical crises and, in addition, strong growth has been seen in our German and US businesses. We have benefited from our continued focus on developing stronger relationships and a good reputation with freight forwarders. In addition, our Red Track technology has contributed to the success of our AOG (aircraft on ground) business. Freight remains a key component of Air Partner's aviation service proposition and it is encouraging to see our focus and investments delivering a continued and improved performance.

Baines Simmons

Baines Simmons was acquired in August 2015 and during the period of its ownership contributed a gross profit of £2.0m, equivalent to 39% of the total gross profit increase for the Group over the whole financial year. At an operating profit level, Baines Simmons incurred a small loss of £0.1m, as a result of the associated disruption caused by the sale process and the costs associated with the change in ownership.

Good integration progress has been made across central functions such as finance, HR, IT and travel management, and we expect further benefits and opportunities to arise through the new financial year.

Baines Simmons experienced significant change through 2015. We appointed an Interim Managing Director of Baines Simmons to drive integration with the Group and the business has been restructured into three practice areas: Training, Consulting and Outsourcing. We have implemented a new leadership and executive team, launched SMARRT MAP (Safety Management and Risk Reduction Tool) to assist organisations to improve their safety management systems and performance, and we have begun the roll out of our Customer First programme.

Baines Simmons successfully held its 4th European Aviation Safety Symposium 'Through compliance to performance' in November 2015. The event showcased the importance of safety management performance, demonstrated by people at the sharp end of major airlines, maintenance repair organisations, defence organisations and regulatory authorities. What was evident is that while aviation organisations are aware of the significant changes facing them under a performance-based environment, many of them are not prepared for these changes. Baines Simmons can address these issues and support companies through the change process.

Since the end of our financial year, we have announced that Baines Simmons has been awarded a 10-year contract to provide aviation support services to the Isle of Man Aircraft Registry. This important win for the Outsourcing practice provides a strong foundation for growth over the next decade. Since launch on 1 May 2007, Baines Simmons' airworthiness surveyors have completed 2,760 aircraft surveys, recommending Certificate of Airworthiness for issue, renewal or export. Today, a total of 854 aircraft have been registered and there are 467 aircraft active on the register, covering private and corporate jets as well as twin-turbine helicopters.

Strategy

Our aim is to build a world-class aviation services group, renowned for differentiating ourselves, putting the customer first in all we do and delivering an elevated customer experience consistently and proactively.

Our strategy is based around three components: Optimise, Enhance and Extend.

- Optimise: Central to our strategy is Customer First which has already changed the way we operate day-to-day and critically is changing the way that we think about our customers. Through improved customer insights and alongside increased people and process capabilities, the business has become more efficient and responsive and able to identify growth opportunities. Ultimately, we aspire to optimise our current assets and capital.
- Enhance: We will also identify capabilities and services which can sit alongside the broking business and which will enhance our existing customer proposition. The acquisition of Cabot Aviation is a clear example of enhancing our service proposition, while at the same time leveraging our existing customer relationships. Cabot Aviation is gaining increasing leverage from Air Partner's existing customer relationships and benefiting from being part of a fully-listed public limited company. The addition of private jet remarketing at the end of 2015 formed part of the original acquisition strategy and is a natural enhancement to Cabot Aviation's proposition. Private jet remarketing should benefit from being adjacent to our Private Jets charter operations.
- Extend: In addition, we will strive to identify areas of strategic attractiveness within aviation which, as standalone entities, have strong growth characteristics but which also have product and service overlays on our existing operating model. The acquisition of Baines Simmons is a great example of how we have extended our product and service proposition while being able to drive synergies across our infrastructure as well as across our existing operating model.

Effective allocation of capital resources to the best investment opportunities will drive performance and raise expectations internally and externally, thereby enhancing not just shareholder but also, and crucially, wider stakeholder value. There is a degree of controlled disruption of the status quo which is required in order to fuel future growth aspirations but which is enabled by a clear set of levers to alter the business trajectory. In turn, we can increasingly optimise existing capital, all set against the backdrop of a dynamic and competitive marketplace.

People

We will continue to invest in our people, both in recruitment of the best and most professional in our industry, and in providing the training and IT support that enables them to deliver excellent customer service and the best possible solutions to customers.

Towards the end of the financial year, we introduced a streamlined Operating Board. Given our operational needs and the clear strategic direction of the Group, a flatter operating structure was required which would more closely align to the business structure with clear accountabilities and responsibilities.

Outlook

Trading remained strong through the first and second half of the financial year and while we are constantly mindful of the uncertainties inherent in our industry, this momentum, the energy, enthusiasm and dedication of our people, and our clear strategic direction, gives the Board a degree of optimism for the year ahead.

Across our Broking division, the Customer First programme should benefit from entering into Phase 2, while we have begun to implement a Customer First programme into Cabot Aviation and Baines Simmons. Operational challenges remain however, particularly the performance in the US and the sluggishness of Private Jets in Europe, and we are cognisant of the need to deliver improvements in these areas.

During the period, we completed two acquisitions which have added capabilities and services and which will provide contributions and organic growth in the years ahead, while reducing the volatility and enhancing the quality of our earnings. We are constantly evaluating acquisition opportunities which will either increase the scale of our existing activities or add further new capabilities and services.

I would like to express my sincere thanks to all of my Air Partner colleagues, including the new additions to our team from Cabot Aviation and Baines Simmons, for the hard work, dedication and commitment that they have shown throughout the year so far. I am proud of our people and the standards of excellent service that they deliver to our customers day in and day out across the globe.

Mark Briffa
Chief Executive Officer
27 April 2016

Strategic report
Corporate governance
Financial statements

PRIVATE JETS

A TYPICAL STOCK MARKET IPO – HOW WE GOT THE ROADSHOW IN THE AIR

The background

A global investment bank is assisting with the stock market flotation of a large financial services company on the New York Stock Exchange. Immediately prior to the stock pricing on the NYSE, they must excite interest from as many potential investors as possible. And that means going to talk with them, wherever they are.

The customer's challenge

Potential investors in this case include finance houses located in the major financial centres worldwide. But there are also important smaller investors in several locations beyond the major hubs. The solution involves multiple teams, working simultaneously, travelling globally and converging on the NYSE ahead of the opening bell in two weeks' time.

The operational challenge

The deadline is tight and fixed. Jets travel much faster than cars, so we use the nearest airports and / or incorporate helicopter transfers to all meetings, and minimise transit time at airports. Tailoring each charter solution to the requirements of the passengers and the demands of the team's itinerary is paramount. Precise route planning and co-ordination in the air and on the ground ensure uninterrupted passage through the dedicated private jet facilities we use.

But even the best-laid plans...

All elements of the roadshow change: appointments shift, cancel and re-book. For the customer, our ability to adapt to these changes while maintaining safe aircraft operations throughout is key. Anticipating changes, their immediate and downstream impact and working with the customer to manage all that 24-hours-a-day, 7-days-a-week – it's what we do. Our UK-based operations office offers the highest levels of service, always and everywhere.

And there's more...

Account managers at Air Partner arrange high-end in-flight catering to match the preferences of the hard-pressed travelling teams. To maximise the value of every minute available, we set up conference calls in the privacy of their own aircraft, and presentations at the private terminals we use. On long-haul overnight flights, we can offer larger aircraft to accommodate fully flat double beds, and even showers, allowing the roadshow teams to meet the investors thoroughly refreshed.

Precise planning

We take the greatest care to select the best solutions. We assure ourselves of the safe operating standards of our airlines. We double-check the technical challenges of the route and schedule demanded by the brief. We carefully consider crew flight time limitations, and when required, provide additional or replacement crew so that extended flying programmes can be accommodated safely. We try to anticipate every conceivable problem and avoid it. But, because we are realists, we always have a plan B.

Plan B

Air Partner has access to the entire world's inventory of properly licensed, fully insured and professionally-operated private aircraft available for charter. We spend over £200m every year to charter them. And we never sleep. If things go wrong, we find (and pay for) a replacement aircraft, fast, and we get your show back on the road. Air Partner will never use sub-standard charter solutions because we have a shared interest in the successful completion of your flight. This is our CharterPlus Guarantee.

JOB DONE

We're proud to say we've become rather good at this over the years. To date, the largest IPO that Air Partner has sustained exclusively with chartered jets and helicopters had a total market cap of $25bn on the first day trading on the NYSE. But this is only one kind of work we do for our broad spectrum of customers. From tourist trips to blue-ice runways in the Antarctic, to medivac helicopter deployments in Sierra Leone – and everything in-between – we stand ready, 24/7, to assist.

Strategic report
Corporate governance
Financial statements

Financial review

Neil Morris
Chief Financial Officer

Revenue recognition

During the period the directors reviewed the Group's revenue recognition methodology. Following this review, which was conducted with reference to the contractual terms between the Group and its customers, the directors determined that it was more appropriate to recognise the majority of the Group's customer contracts on an agency basis, rather than that of principal. Accordingly, revenue for the year to 31 January 2015 has been restated at £37.6m due to this change in methodology. The Group will continue to present the former revenue amount, now called 'Gross transaction value', on the face of the income statement. Further details of this change in methodology are provided in note 2.

There has been no impact on reported profit, net assets or cash flows as a result of this change in methodology.

Other items

We incurred £1.1m of other items in the period under review (2015: £nil). Acquisition-related costs accounted for £0.4m with a further £0.2m amortisation charge of acquisition-related intangible assets. A charge of £0.4m related to the changes to the previous Leadership Team while we also incurred a £0.1m share-based payment cost following the Cabot Aviation acquisition.

Financial position

The total cash balance of £19.8m has increased from the prior year comparative of £18.8m, driven by an increase in JetCard deposits over the period to £16.8m from £14.1m in the previous year. The reduction in non-JetCard cash of £1.7m to £3.0m was driven by a positive inflow from operating items, offset by the net £2.3m being utilised for the acquisition of Baines Simmons and Cabot Aviation, £2.3m relating to dividends and £0.3m negative working capital due to an increase in receivables from our larger credit customers.

Our gross debt at the year end totalled £3.5m and increased through the period due to the £3.6m loan and related charges that we took out as part of the Baines Simmons acquisition.

The Group's net debt, excluding JetCard cash, stood at £0.5m at the year end, equivalent to just 0.1 times EBITDA, and demonstrates the strength of our balance sheet despite absorbing two acquisitions during the year.

Taxation

The prior year tax position benefited from two one-off initiatives resulting in the recognition of deferred tax assets, namely a research and development claim and the impact of changing the tax basis for JetCards in the US, which resulted in an overall tax credit. In the current period, the Group's underlying tax rate is 30% (2015: -6%) and the effective tax rate, based on reported profit, excluding discontinued operations is 39% (2015: -6%). The underlying tax rate has been impacted by a timing difference on JetCards in the US and without this would have stood at 24%. The underlying tax rate is lower than the rate for the statutory profit due to the fact that the acquisition costs, goodwill amortisation and share-based payment charge included within other items were not deductible for tax purposes.

Foreign exchange

Where possible the Group uses natural hedging to minimise its foreign exchange exposure, for example matching JetCard deposits denominated in Euro with the respective deferred income or, when possible, using forward contracts to fix rates to pay its suppliers. The net foreign exchange gain for the year was £2k (2015: £24k).

The Group also uses derivative financial instruments to hedge certain transactions in accordance with its internal policy. The fair value of these instruments at the balance sheet date was an asset of £36k (2015: liability of £150k) and the gain recognised through the income statement as a result of the change in fair value was £186k (2015: loss of £104k).

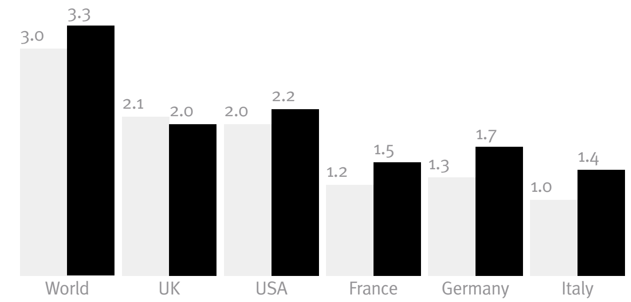
Neil Morris
Chief Financial Officer
27 April 2016

Market overview

Air Partner operates across a range of global aviation markets. The key drivers of these markets are the strength of the economies in which Air Partner operates, the aviation market, the geo-political situation, the frequency of natural disasters or failure events, the competitor landscape, regulation changes and the environment.

OECD outlook
%
2016
2017

Source: http://www.oecd.org/eco/outlook/united-kingdom-economic-forecast-summary.htm



Global economy

OECD forecasts for global economic growth in 2016 and 2017 of 3.0% and 3.3% respectively are mostly in line with the 3.0% registered in 2015. Stronger global growth remains elusive and impacted among other things by low commodity prices and inflation. Lower oil prices may help consumers but have negatively impacted oil-related investments.

Aviation market

According to the International Air Transport Association (IATA), global air passenger traffic in 2015 grew by 6.5%, ahead of the 10-year average growth rate of 5.5% and boosted by lower air fares. Growth in North America was solid at 4.3%, while Europe registered 5.1%. The Middle East was the strongest region with 10% growth, followed by Asia-Pacific at 8.6%. Total traffic growth outstripped the rise in capacity, with the global load factor reaching an all-time high of 80.3%.

IATA data also showed that cargo volumes expanded by 2.2% in 2015, down from the 5.0% growth recorded in 2014, with sluggish growth in Europe and North America of 1.2% and 1.4% respectively.

In the US, the Federal Aviation Administration (FAA) gathers aircraft activity data for business jets which shows that flight numbers rose by 1.2% in 2015 versus a 4.0% increase in 2014.

From a European perspective and according to WingX Advance, business aviation flights in Europe declined by 0.6% in 2015, but within this France grew by 3.3%, Germany by 2.4% and the UK by 1.2%. The worst performing markets were Russia which declined by 23.0% and Turkey which experienced an 8.4% decline.

Geo-political risks, natural disasters and events

Geo-political events such as wars and terrorist attacks can have a considerable influence on the airline industry. The economic and political role of commercial aviation makes airports, aircraft and supply chains a highly desirable target for new, unconventional opponents, such as terrorists, insurgents and single-issue groups.

Our 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. In addition, the expertise of Baines Simmons is often called upon when an airline experiences safety-related incidents. Given Air Partner's experience of providing solutions to such challenges, the Group is well positioned to benefit from increasing global political instability.

Competitive landscape

The global air charter market is highly fragmented, with low barriers to entry and little regulation. Most of the major aircraft broking companies are based in the United Kingdom but, unlike Air Partner, they are private companies. 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.

Market overview continued

	Source: Boeing current market outlook 2015 to 2034			
	Airplanes in service 2014 to 2034		Demand by size 2015 to 2034	
	2014	2034	New planes	Value ($BN)
Large widebody	740	670	540	230
Medium widebody	1,620	3,800	3,520	1,220
Small widebody	2,520	5,800	4,770	1,250
Single aisle	14,140	30,630	26,730	2,770
Regional jets	2,580	2,660	2,490	100
Total	**21,600**	**43,560**	**38,050**	**5,570**

Busier skies, more planes, more demand for our services

Technology could also change the landscape of the charter market, primarily in the private jet sector, through the development of technology platforms to enable customers to book their flight without the need to speak to a broker. There are a number of companies looking to deliver this technological breakthrough in the market but presently there is no clear market leader and no business has yet been able to deliver a profitable business model. 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 professional aviation services.

The global civil aviation industry has continued to consolidate and while profitability in the industry has benefited from falling oil prices, there is constant pressure to reduce costs and improve operational efficiency.

In today's fast moving aviation world, the long term benefits of safety management performance are increasingly being recognised as strategic and operational factors for success. Busier skies, greater competition, higher demands for higher fleet utilisation and greater operational capability all place increasing pressure on safety and its management. The aviation safety world has moved in the last five years from seeking better understanding of how safety management systems (SMS) work to securing effective performance.

The Organisational Safety market within which Baines Simmons operates is relatively immature but the regulators' move from compliance-based to performance-based oversight is changing the emphasis of how aviation organisations operate. The market is relatively fragmented, represented in many ways by small and private companies with a technical or engineering orientation.

For many organisations, safety management performance is now regarded as a key tool for ensuring the right balance is struck between commercial or operational demands and protecting their people, assets and reputation from harm.

Driven by regulatory changes to operate an effective safety management system, safety management performance is becoming a growing industry priority as organisations start to create safety strategies, secure budgets and win board commitment to long term safety performance investment programmes.

Baines Simmons differentiates itself from its competitors in a number of ways:

- every one of its consultants is hand-picked for their specialist skills, expertise and knowledge in a particular field of aviation safety risk management and regulatory compliance; and
- the Baines Simmons SMARRT MAP is an Organisational Safety Performance model that illustrates the relationship between the four core safety management systems (Regulatory Compliance, Compliance Monitoring, Human Factors & Error Management and Safety Risk Management) and the five key performance enablers (Active Leadership, Managed Competence, Supportive Capability, Robust Assurance and Proactive Culture).

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 practice in the aircraft charter market.

Both the civil and defence aviation markets are highly regulated and these regulations are constantly changing.

Behind the safety statistics are incidents, near misses and risk factors that could have developed into accidents. With the number of flights rising, more demand is being placed on an already busy system. By building a holistic picture of aviation safety performance the regulators can see the true extent of the risks to passengers and the general public. They can also make better decisions about how to ensure that the aviation industry is managing the risks effectively.

The transition to performance-based regulation (PBR) started in 2013 and is being adopted by regulators across the world, including the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA). It requires the accumulation and analysis of data on the organisations we regulate to build up an accurate picture of risk both by organisation and by sector. The regulators are attempting to embed a risk-based approach to safety regulation and continuing to work with industry to develop a common safety management system.

In the Defence market, 26 participating member states (PMS) of the European Defence Agency (EDA) have committed to the principles or harmonisation of airworthiness requirements. In October 2015, the Military Airworthiness Authorities (MAWA) Forum approved for publication the European Military Airworthiness Requirement (EMAR) on Continuing Airworthiness Management (CAM). With the full EMAR now approved, the PMS are able to implement these harmonised requirements into their national airworthiness regulations.

In February 2015, the UK Military Aviation Authority (MAA) stated that 'In a time of extreme pressure on defence budgets, harmonising military airworthiness among allies can bring big benefits'. Through its long term relationship with various military authorities, Baines Simmons should be well positioned to benefit from the opportunities which are stemming from these regulation changes.

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 customers have access to all the solutions available to a particular mission and can make their value judgment based on more than just price, but also with specific reference to the emissions attributable to that aircraft on that proposed route. 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.

FREIGHT

DELIVERING THE WORLD'S BIGGEST SPARE PART

Emergency request

Customer aircraft on ground (AOG) desk needed a replacement cowl for an A380 aircraft – urgently. Air Partner's 24-hour operations team took the night-time call and contacted the out-of-hours on-duty freight specialist. (Call: 20 Jan 02:00am)

Finding the right aircraft

The cowl was an oversized part that could neither be broken down nor turned. Extensive work on sourcing the correct aircraft and looking at loading options started immediately, and it was determined that the only suitable aircraft was the Antonov – AN124.

Booking the slot

Due to the urgency of the requirement and the logistics for movement of such a large piece, the part was stored at London Heathrow. But Heathrow is one of the busiest international airports in the world, with strict slot restrictions, making ad hoc charters near impossible to arrange. Along with AOG, Air Partner liaised directly with the airport authorities to obtain special dispensation and permits for a time-critical move.

Procuring the flight

The flight was negotiated and procured by Air Partner with the chartered carrier, on behalf of the customer. For such a bespoke and specialist move, we were able to review and amend the terms of the carrier's contract so that they reflected the customer's requirements.

Preparing the paperwork

Air Partner advised and assisted on the preparation of the cargo for safe transportation, as well as on the extensive paperwork relating to the movement, including for temporary import into the US as the part was required in Miami. The chartered Antonov – AN124 was to lay over in Miami to allow the replacement cowl to be fitted on the grounded aircraft, before returning to London Heathrow with the damaged part.

Meticulous planning

With slots approved at both London Heathrow and Miami, intensive work ensured that planning and maintenance could be completed to get the unserviceable A380 aircraft back in the sky, and the damaged cowl returned to Heathrow, within the agreed 48-hour period. Our freight specialists were present at both the departures and arrivals of the aircraft to ensure a smooth and efficient operation. (Departure 22 Jan 20:00pm. Return 25 Jan 18:00pm)

Reporting all the way

From the positioning of the Antonov into London Heathrow, loading of the part, departure, offloading, re-loading and returning from Miami back to London Heathrow, the operation was monitored by Air Partner's in-house 24-hour ops team. And, throughout, they provided the customer's AOG teams around the world with step-by-step live updates on the crucial move.

JOB DONE

Business model

Air Partner is a global aviation services group that applies its accumulated knowledge from over 50 years of trading to provide a range of comprehensive and bespoke worldwide solutions to its customer base which is often faced with complex problems.

Our strategy involves the effective allocation of capital resources to the best investment opportunities which should drive performance and raise expectations internally and externally, thereby enhancing not just shareholder but also, and crucially, wider stakeholder value. There is a degree of controlled disruption of the status quo which is required in order to fuel future growth aspirations but which is enabled by a clear set of levers to alter business trajectory. In turn, we can increasingly optimise existing capital and achieve full potential, all set against a backdrop of a dynamic and competitive marketplace.

We place our customers at the heart of every decision we make, supported and optimised by our people and our infrastructure. We strive to continuously enhance and extend our products and services to deliver a differentiated and exceptional customer experience.

Air Partner's brand and status as a listed plc allows us to stand out among our peer group. 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.

Aircraft Charter is at the core of our business model, providing tailored services for many years, leveraging our relationships with the majority of aircraft operators and enabling us to select the aircraft appropriate for our customers' needs.

Profit is largely generated through commissions, although some fee income is generated through the provision of professional services or, in the case of our Emergency Planning Division, subscriptions.

Our charter customer base predominantly includes corporate customers (which also encompass sports teams and tour operators), governments, 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 relationships with these customers as they understand and appreciate what we can do for them.

While each segment of Air Partner's charter business specialises in a different area of aviation, the services are complementary and often service the same customer, allowing us to deliver the same level of service wherever they are in the world.

Aircraft remarketing was added to our offer following the acquisition of Cabot Aviation in May 2015. Cabot Aviation provides comprehensive remarketing programmes for all types of commercial and corporate aircraft to a wide range of international customers drawn from the airline and financial services sectors, including banks, lessors and liquidators. Cabot Aviation has a global market presence.

Projects involve selling or leasing aircraft and selling aircraft with leases attached or arranging sale and leasebacks. In addition, Cabot Aviation undertakes aircraft acquisition mandates for lessors and airlines, wet leasing, consultancy and aircraft technical services.

Profit is largely generated through commissions attached to mandates as well as through retainers.

Baines Simmons was acquired by Air Partner in August 2015 and is a world leader in aviation safety consulting, specialising in aviation regulation, compliance and safety management and partnering with both civil and defence aviation organisations to improve safety performance.

Baines Simmons is structured into three practices of Training, Consulting and Outsourced Services.

Through our bespoke consultancy programmes and practically-focused training services, we help to bridge gaps of knowledge, competence, skills and understanding between regulated organisations and their employees, and regulatory authorities and their inspectors. Our outsourcing operations are mostly covered by the service we provide to support the Isle of Man Aircraft Registry.

Every one of our consultants are hand-picked for their specialist skills, expertise and knowledge in a particular field of aviation safety risk management and regulatory compliance. Through them, we deliver customised solutions that are designed to reduce exposure to safety risk, enhance organisational safety and manage and improve regulatory compliance.

Strategic initiatives

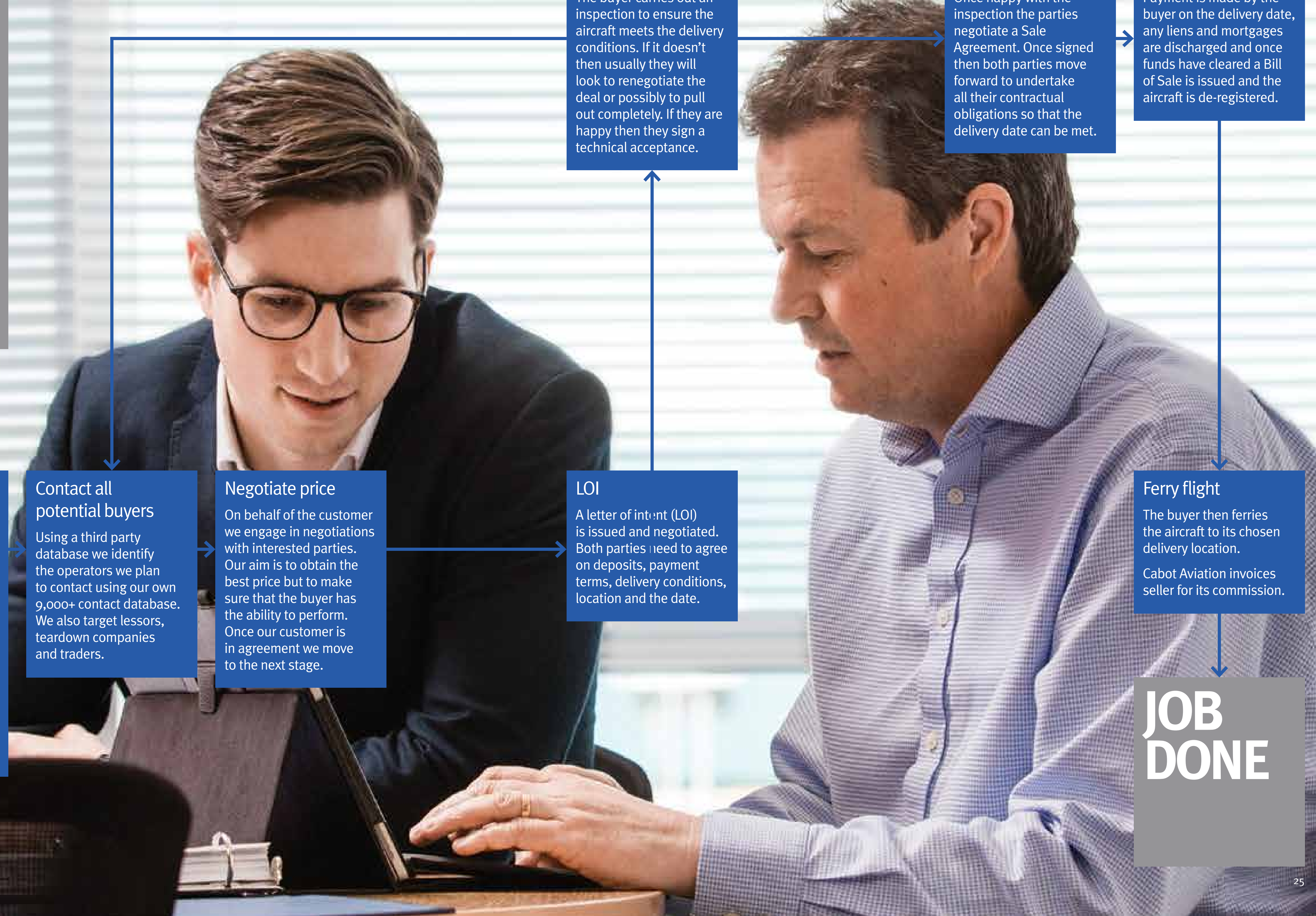
Air Partner's strategy is to build a global aviation services company and to create long term shareholder value by leveraging our brand reputation and utilising the experience and expertise of our greatest asset, our people.

By putting our customers first, we aspire to deliver a differentiated and exceptional customer experience which in turn will increase the value of our brand, grow sales and profits, and deliver long term value to our people and our shareholders.

There are six key pillars underpinning our strategy:

Key element	Description
Creating value by putting our customers first	In such a competitive market place, repeat business is the most effective and efficient way to achieving sustainable growth. 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.
Optimise our core	Central to the strategy is Customer First which will change the way we operate and critically change the way that we think about our customers. Via improved customer insights alongside increased people and process capabilities, the Broking business should be able to identify clear growth opportunities as well as being able to operate from a significantly more efficient infrastructure.
Enhance our offer	Identify products and services which can sit alongside the core and which will enhance the existing customer proposition. Our acquisition of Cabot Aviation in May 2015 is a clear example of enhancing our service proposition while at the same time leveraging our existing customer relationships.
Extend our offer	Identify areas of strategic attractiveness within aviation which as standalone entities have strong growth characteristics but which also have product and service overlays on the existing operating model. Our acquisition of Baines Simmons in August 2015 is a great example of how we have extended our product and service proposition while being able to drive synergies across our infrastructure as well as across our existing operating model.
Developing and retaining our people	Our people are critical to delivering our objective of putting the customer first and ensuring we have the ability to deliver our product offering. To ensure we retain and develop our people, Air Partner: • 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.
Maintaining and enhancing brand identity	The global aviation services market is broad, fragmented and competitive and differentiating our brand identity from the competition remains critical to our current and future success. Key to maintaining and enhancing brand identity is delivery of a consistently elevated customer service. Our Customer First programme enables our people to be effective, supported with the right tools and to be able to provide our customers with an unrivalled level of service, enhanced by over 50 years of knowledge and skills within the business.

Air Partner plc Annual Report 2016



CABOT AVIATION

FLIGHT PATH OF A SUCCESSFUL AIRCRAFT SALE

New business

- Target potential sellers
- Respond to request for proposal (RFP) for remarketing agents
- Referrals
- Former customers

Remarketing agreements

Negotiate acceptable terms in the agreement which covers:

- duration of agreement
- success fees
- exclusivity

Aircraft marketing data

In order to create a useful specification for the aircraft we collect data from the seller. This includes airframe, auxiliary power unit (APU) and engine status plus layout of passenger accommodation (LOPA) and photos. We also collect additional data such as life-limited part (LLP) and Airworthiness Directives (AD) summaries that buyers will request.

Contact all potential buyers

Using a third party database we identify the operators we plan to contact using our own 9,000+ contact database. We also target lessors, teardown companies and traders.

Negotiate price

On behalf of the customer we engage in negotiations with interested parties. Our aim is to obtain the best price but to make sure the buyer has the ability to perform. Once our customer is in agreement we move to the next stage.

LOI

A letter of intent (LOI) is issued and negotiated. Both parties need to agree on deposits, payment terms, delivery conditions, location and the date.

Inspection

The buyer carries out an inspection to ensure the aircraft meets the delivery conditions. If it doesn't then usually they will look to renegotiate the deal or possibly to pull out completely. If they are happy then they sign a technical acceptance.

Sale agreement

Once happy with the inspection the parties negotiate a Sale Agreement. Once signed then both parties move forward to undertake all their contractual obligations so that the delivery date can be met.

Payment

Payment is made by the buyer on the delivery date, any liens and mortgages are discharged and once funds have cleared a Bill of Sale is issued and the aircraft is de-registered.

Ferry flight

The buyer then ferries the aircraft to its chosen delivery location.

Cabot Aviation invoices seller for its commission.

JOB DONE

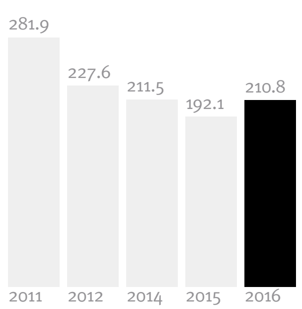
Key performance indicators

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.

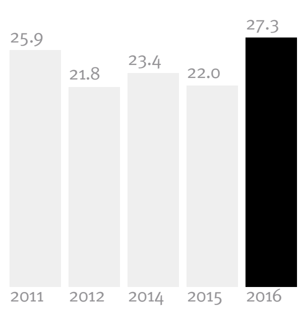
A high percentage of the Group's business is driven by the short term needs of our customers. A long forward order book is therefore not available and not appropriate to use as a measure of the Group's longer term prospects. Detailed segmental reporting is set out in note 4 to the financial statements.

Key performance indicators for the last five financial periods, being the financial years ended 31 July 2011, 31 July 2012, the unaudited pro-forma financial year ended 31 January 2014 and the financial years ended 31 January 2015 and 31 January 2016, are set out below:

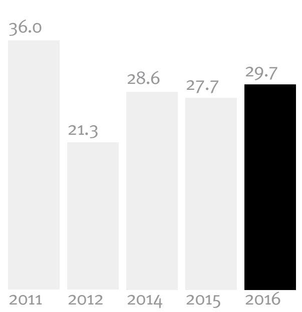
Gross transaction value
£m



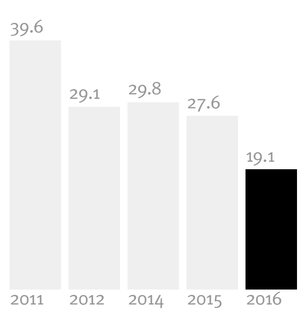
Gross profit
£m



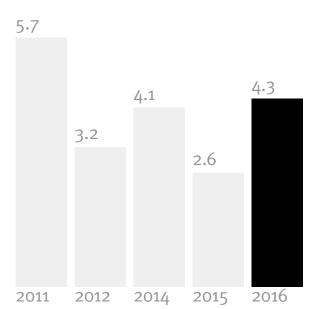
Underlying basic earnings per share
Pence



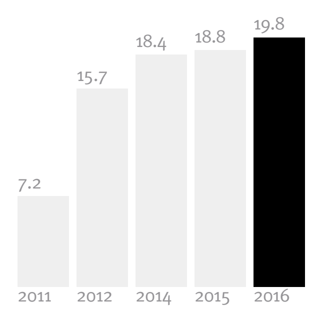
Basic earnings per share
Pence



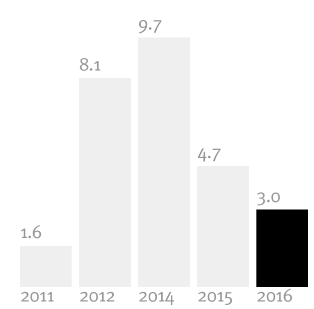
Underlying profit before tax
£m



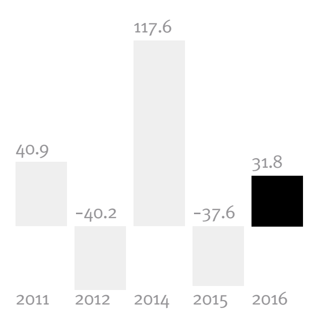
Total cash
£m



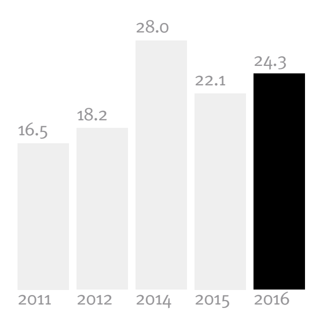
Non-JetCard cash
£m



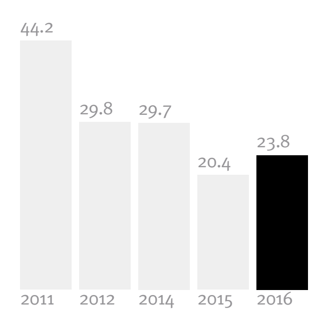
Total shareholder return
%
Total shareholder return is calculated using the following formula: (closing share price + dividends - opening share price)/opening share price.



Dividends per share
Pence



Return on equity
%
Return on equity is calculated as operating profit over net assets.



Air Partner plc Annual Report 2016

BAINES SIMMONS

INSTILLING SAFETY INTO A LARGE AND COMPLEX BUSINESS

Determine the culture of the organisation

By independently listening to employees, and collating and challenging their comments, we analysed the nature of the organisation's safety culture and, importantly, why it was like that. We recommended 47 changes, all of which were accepted.

Enhanced the safety leadership of the executive

We challenged and coached the executive team and senior managers (top 50) to understand and 'pull' safety performance into their business through active safety leadership.

Established the vision for safety

By supporting the senior team in working out what effective safety performance should look like, we assisted the wider organisation in setting their overall safety direction.

Developed the plan to achieve enhanced safety performance

Using a structured approach, we supported the development of a coherent and fully costed plan to deliver the agreed vision within 24 months. This plan was confidently endorsed by the Board.

Built the enablers

Through applying good practice from across the industry, we supported the development of clear, consistent and robust policies, processes, procedures and tools through which culture change could be supported.

Powering up their people

Developing and rolling out a behavioural change programme requires close engagement. We are currently delivering increased safety understanding and initiating behavioural change, across around 2,000 people, in under four months.

Embedding the cultural shift

As trusted advisers, we support the management of safety in the aftermath of the power-up phase. We remain alongside to coach and mentor key individuals and groups as they start to apply the new safety principles and tools.

JOB DONE

Resources and relationships

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 are 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
The service and experience that we provide to our customers are critical in terms of our ability to build long term and trusted customer relationships. Our Customer First programme is a clear commitment to this philosophy. We take the time to understand our customers' needs, down to the smallest details, so our team can deliver consistently and exceed expectations time and time again. Our unrivalled experience means that we are ready for any type of request that comes our way.

The acquisitions of Cabot Aviation and Baines Simmons have enhanced and extended our aviation capabilities and services. While each segment of Air Partner's business specialises in a particular area of aviation, many of the services are complementary and often service the same customer, allowing us to deliver consistent levels of service wherever they are in the world.

The Broking business' customers currently include governments, royal households, tour operators, financial institutions, sports teams, high net worth individuals and celebrities. Cabot Aviation provides services to a wide range of international customers including flag carriers, regional airlines, operating lessors, manufacturers, insolvency practitioners and financial institutions, as well as high net worth individuals. Baines Simmons, specialising in aviation regulation, compliance and safety management, advises customers across civil and military markets such as KLM, SAS, Thomas Cook, Thomson, British Airways, Virgin Atlantic, The Isle of Man Government, BAE Systems, MoD, Rolls Royce, Royal Air Force, Royal Navy, Airbus, the European Aviation Safety Agency (EASA) and UK Military Aviation Authority (MAA).

Our people
Air Partner's greatest assets are our people and teamwork is the cornerstone of our business. We are known within the broking 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-focused team.

Our consultants at Baines Simmons are also renowned for their professional expertise, skills and knowledge, and are known as some of the best in the industry.

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, trainers and consultants 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, part of our sales and broking team or aviation safety consultants, 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 opportunities 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 comprises 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 a list of candidates from as many different backgrounds as possible.

As at 22 April 2016, Air Partner had six directors, five of whom were male and one of whom was female. Of the Group's 260 employees, 148 were male and 112 female and of its 17 senior managers, including the Operating Board, three 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 for management and above 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 with 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 customers' needs. It also ensures that 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.

Baines Simmons has become recognised as one of the world's most influential aviation consultancies in organisational safety and is a trusted adviser to more than 750 aviation organisations and 40 aviation authorities around the world. Our consultants have led a comprehensive range of regulatory, compliance and safety improvement programmes which have developed the skills and expertise of more than 120,000 aviation professionals across all sectors of the industry. Our consultants are hand-picked for their specialist skills, expertise and knowledge in a particular field of aviation safety risk management and regulatory compliance. Through them, we deliver customised solutions that are designed to reduce exposure to safety risk, enhance organisational safety and manage and improve regulatory compliance.

Principal risks and uncertainties

The Board has carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

The Board defines the risk appetite and monitors the management of significant risks to ensure that the nature and the extent of the significant risks taken by the Group are aligned with the overall goals and strategic objectives that have been communicated. The Group's risk appetite influences the culture of our business and how we operate, and is reflected in our management structure. The Operating Board supports the Board in monitoring the exposures through regular reviews. Exposures outside of our appetite are communicated to the Board alongside actions to reduce the risk.

New and existing risks were identified and assessed over the course of the year as the Group's overall risk profile continued to evolve. The Board and the Operating Board performed further analysis to prioritise these risks, with a focus on those considered to pose the greatest risk to achieving our objectives.

During the year, the Board reduced the priority of one of the principal risks highlighted in the previous year (cash management) having determined that mitigating actions taken throughout the year had addressed the risk to a level that the Board no longer considers principal.

The pervasive risk to Air Partner's chartering 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 customers 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 customer 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 principal risk to the Group's business stems from the general economic conditions in which our customers 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.

There are general business risks faced by the Group, such as those disclosed within note 23, which are those generally faced by businesses with similar characteristics. However, there are also more industry-specific concentrated risks and uncertainties that affect our business or specific industry. The principal risks presented are those risks considered by the Board to have a potentially material impact on the Group not achieving its long term strategic objectives. There are additional risks that the Group is exposed to, which are not considered material but could have an adverse impact.

Risk	Change in risk assessment	Strategic initiatives potentially impacted	Potential impact	Controls/processes to mitigate
Market conditions / cost structure Forward visibility into air charter bookings is often measured in days or weeks, rather than months, and can be materially impacted by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another.		Creating value Maintaining brand value	Limited visibility into future bookings may result in a cost structure that does not align with market conditions.	Extension of the offering following the acquisition of Cabot Aviation Services Limited and particularly Baines Simmons Limited has enhanced the stability of earnings by adding more predictable revenue streams to the Group. Further diversification of the customer base of the aircraft chartering business 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. 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.
Retaining, developing and expanding the Group's customer base The challenge of retaining and expanding customers in a highly competitive environment with low barriers to entry.		Creating value	The Group's ability to maintain and grow revenue could be adversely affected.	Roll out of the Customer First programme which underpins the Group's strategy for identification of, and marketing to, potential customers while elevating the customer experience through improved process capabilities.
Attraction, retention and motivation of staff The challenge of attracting new talent and retaining existing key staff.		Creating value Developing and retaining our people Optimising our core Enhancing our offer	Loss of earnings.	Investment in recruitment and in talent management, through internal and external courses, especially through a longstanding arrangement with Cranfield University to improve performance. Elements of remuneration are tied to individual and Group performance. Regular review of remuneration and other incentives to ensure the Group remains on a par with its competitors.
Financial counterparty risk Financial exposure following payments in advance of services to operators.		Creating value	Loss of earnings.	When selecting which operator to use, reputation and financial strength are assessed in order to mitigate the risk of making payments to businesses that may fail. In addition, where possible, third party bank guarantees are utilised instead of cash deposits.
Non-financial counterparty risk Reliance on third parties for delivery of services to end customers. Operator compliance with relevant regulations.		Creating value Maintaining brand value	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 customers. 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.

Principal risks and uncertainties continued

Risk	Change in risk assessment	Strategic initiatives potentially impacted	Potential impact	Controls/processes to mitigate
Competitor risk The risk of falling behind competitors in product development, standards of service or cost effectiveness.	↔	Creating value Maintaining and enhancing brand identity	Loss of customers.	Roll out of the Customer First programme across the Group will embed a unified and elevated level of customer service delivery by aligning the sales and marketing strategy with service delivery. The Group also undertakes regular customer surveys to ensure it remains responsive to competitor activity and customer demands within acceptable price levels for the quality and standards of service provided.
Legal and regulatory The challenge of operating in multiple jurisdictions subject to a large number of different and evolving laws and regulations, including tax and civil aviation authority requirements.	↔	Creating value Maintaining and enhancing brand identity	Non-compliance with regulations could result in loss of customers or damage to the Group's brand.	Management reviews policies and processes at Operating Board level. The business has a range of policies to minimise these risks and reviews and updates them on a regular basis.
Business growth Challenges in enhancing and extending the Air Partner offer following recent acquisitions.	↑	Creating value Extending our offer Enhancing our offer	Maintaining control over the strategic and commercial activities of new operations resulting in financial loss or reputational damage.	A dedicated integration team has been established to ensure that benefits arising from the acquisition are maximised while maintaining control over operations.
Reputational risk Damage to Air Partner's reputation following incident or inappropriate action.	↔	Creating value Maintaining and enhancing brand identity	Damage to the Group's brand could result in loss of customers or impair its ability to expand the customer base.	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.
Business interruption Reliance on systems for sourcing and booking aircraft and customer management.	↔	Creating value Maintaining and enhancing brand identity	Systems failure could result in business interruption.	International scope reduces reliance on a single office location. Back-up operating systems are provided for this and employees can work remotely if necessary.

Directors' approval statement
This Strategic report has been reviewed and approved by the Board of directors on 27 April 2016.

Neil Morris
Chief Financial Officer

Corporate governance statement

Chairman's introduction

Richard Everitt
Chairman

Dear Shareholder
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, customers, employees and other stakeholders.

The Board of directors ("the Board") supports the principles and provisions set out in The UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 ("the Code"). This statement and the Directors' remuneration report on pages 49 to 69 explain how the Board and its sub-committees operate and how the Company has complied with the Code during the year ended 31 January 2016.

Richard Everitt
Chairman
27 April 2016

Compliance statements

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 2014 edition of the Code was applied throughout the financial year under review. The Board believes that the Company applied the Main Principles and complied with the Provisions of the Code during the year.

The Listing Rules require that we state how we have applied the 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 Nomination Committee, the Audit and Risk Committee and the Remuneration Committee can be found on pages 43 to 69.

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.

Corporate governance statement continued

Compliance statements continued

Viability statement

In accordance with provision C.2.2. of the Code, the Board assessed the prospects of the Company over a period longer than the twelve months required by the 'Going Concern' provision. The Board conducted this review for a period of three years, which was selected for the following reasons:

- the Group's strategic plan covers a three-year period; and
- the variability of earnings means that forecasting beyond three years is more subjective, hence the Board believes a three-year period is the most appropriate.

The three-year strategic plan considers the Group's cash flows, forecasted underlying profit, covenant compliance and investment in technology.

These metrics are subject to sensitivity analysis which involves consideration of downside scenarios. Where possible, this analysis is carried out to evaluate the potential impact of the Group's principal risks (refer to the Principal Risks and Uncertainties on page 32 to 34 for further detail).

The three-year plan review is underpinned by the regular Board briefings provided by the business unit heads and the discussion of any new strategic initiatives undertaken by the Board in its normal course of business.

Based on the results of this analysis, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

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.

Robust review of risk

The Audit and Risk Committee acts on behalf of the Board to review the effectiveness of the internal control system and risk management processes on a regular and ongoing basis.

The Audit and Risk Committee undertook this review process throughout the year and subsequent to the balance sheet date to include the date of approval of this Annual Report. At each meeting, the Audit and Risk Committee receives an update from the CFO on any material matters together with a report from the Group's internal audit process. The external auditor, Deloitte LLP, presents its findings to the Audit and Risk Committee twice a year, specifically after the half year review and following the year end audit process. Issues reviewed by the Audit and Risk Committee are detailed on page 46.

Internal control environment

The Board is ultimately responsible for the operation of an effective system of internal control appropriate to the business. This control environment is designed to identify, evaluate, manage and minimise, rather than totally eliminate, the risks faced by the Group in carrying out its business objectives. The internal control environment is composed of the following key elements:

- a clear organisational structure with defined lines of responsibility;
- robust financial controls, budgeting and forecasting, which includes regular review and assessment of risks at the Board;
- the policies under which the Group's consolidated financial statements are prepared, which includes the monitoring of financial reporting risks through changes in accounting standards and/or business practices;
- a regular and thorough annual strategic review process;
- established control procedures, which include appropriate authority levels, for making key decisions and transactions; and
- an experienced, qualified and commercially focused finance department that supports the Group's commercial functions as well as regularly assessing the possible financial impact of risks faced by the Group.

Compliance with the Code
Application of the Main Principles of the Code

During the 2016 financial year, the Board continued to comply with the Main Principles of the Code as follows:

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 formally 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 scrutinise the performance of management in meeting agreed goals and provide objective and constructive challenge to the Executive directors. They attend an Annual Strategy day with the Operating Board and help develop proposals on strategy. If a director had a concern which could not be resolved about the running of the company or a proposed action, they would ensure that their concerns were recorded in the Board minutes.

B. Effectiveness

B.1 The composition of the Board

When making appointments to the Board, the Board and the Nomination Committee consider the wide range of skills, knowledge, experience and independence 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 Nomination Committee. The Nomination Committee report is on page 43 and gives details of the recruitment process and appointment of Amanda Wills as Independent Non-executive director on 20 April 2016 and Shaun Smith as Independent Non-executive director on 1 May 2016.

B.3 Commitment

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

B.4 Development

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. All directors attend an annual Strategy Day with the Operating Board 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.

B.5 Information and support

The Chairman, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information. The Board ensures that all directors have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors. All directors have access to the advice and services of the Company Secretary.

B.6 Board evaluation

During the year, the Board and its committees undertook an evaluation of their performance. The Non-executive directors are responsible for performance evaluation of the Chairman taking into account the views of the Executive directors. The evaluation of the Board in early 2017 will be externally facilitated.

B.7 Re-election of the directors

All directors are subject to election by shareholders at the first AGM after their appointment and to annual re-election thereafter.

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 0 to 34 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 44.

C.3 The role of the Audit and Risk Committee

The activities of the Audit and Risk 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 and Risk Committee report on pages 45 to 47.

D. Remuneration

D.1 Setting levels of remuneration

The Remuneration Committee sets levels of remuneration to promote the long term success of the Company and structures executive remuneration so as to link rewards to corporate and individual performance.

D.2 Procedure

The composition of the Remuneration Committee and its activities and approach to setting the remuneration policy for the Executive directors and recommendations and monitoring of the level and structure of remuneration for senior management can be found in the Annual statement by the Chairman of the Remuneration Committee set out on pages 49 to 52. The Board determines the remuneration of the Non-executive directors within the limits set in the Company's Articles of Association. Shareholders will be invited to approve a revised Long Term Incentive Plan ("LTIP") at the 2016 AGM.

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.

Corporate governance statement continued

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 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 Executive directors and four Non-executive directors. Andrew Wood, Independent Non-executive director, will step down from the Board at the 2016 AGM. 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 page 40.

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/en/investors/governance-documents*.

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 and Risk Committee	Remuneration Committee	Nomination Committee
Executive directors				
Mark Briffa	10/10	4/4	3/4	1/1
Neil Morris	10/10	4/4	–	–
Non-executive directors				
Richard Everitt	8/10	4/4	4/4	1/1
Andrew Wood	8/10	4/4	3/4	–
Grahame Chilton*	–	–	–	–
Peter Saunders	8/10	4/4	4/4	1/1

* Grahame Chilton resigned as a director on 16 March 2015.

Amanda Wills and Shaun Smith were appointed after the year end on 20 April 2016 and 1 May 2016 respectively.

Mark Briffa and Neil Morris are not members of the Audit and Risk Committee or Remuneration Committee but attend 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 and Risk, Nomination 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 Nomination Committee of which Mark Briffa is a member. The principal activities of each committee are set out in their respective reports on pages 43 to 69. 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 and Risk	Nomination
Richard Everitt	X	X	X*
Peter Saunders	X*	X	X
Amanda Wills	X	X	
Andrew Wood	X	X*	

* denotes the chair of the relevant committee.

Shaun Smith will join the Remuneration Committee and Audit and Risk Committee on his appointment to the Board on 1 May 2016.

The Nomination Committee report is set out on page 43.

The Audit and Risk Committee report is set on pages 45 to 47.

The Remuneration Committee report is set out in the Directors' remuneration report on pages 63 to 69 and is included in this Corporate governance statement by reference.

Operating Board

The Operating Board 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 Operating Board has its own terms of reference and limits of authority, below those of the Board. The Executive directors report back to each Board meeting. Operating Board members are invited to attend 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 Operating Board, purely as observers, to gain a better understanding of current issues across the Group.

Corporate governance statement continued

Board of directors

Richard Everitt
Independent
Non-executive Chairman
ARC RC NC

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 of Air Partner in February 2012. In February 2016, he was appointed as a Commissioner of Belfast Harbour.

Mark Briffa
Chief Executive Officer
NC

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 a wealth of experience of air charter broking and a wide knowledge of the aviation industry worldwide, built up over more than 25 years in the industry.

Neil Morris
Chief Financial Officer

Neil was appointed Chief Financial Officer 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.

ARC – Member of the Audit and Risk Committee

RC – Member of the Remuneration Committee

NC – Member of the Nomination Committee

Andrew Wood
Senior Independent
Non-executive director
ARC RC

Andrew joined the Board in June 2011 and is the Senior Independent director and Chairman of the Audit and Risk 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 Non-executive director and Chairman of the Audit Committees of Berendsen plc, Lavendon Group plc and Stobart Group Limited. Andrew will retire as a director of the Company at the 2016 AGM.

Peter Saunders
Independent
Non-executive director
ARC RC NC

Peter Saunders joined the Board in September 2014 and became Chairman of the Remuneration Committee in March 2015. Peter brings to the Board a wealth of experience in marketing and customer service. He is Lead Director of Godiva Chocolatier NV, Non-executive director of Total Wines & More and was Chief Executive Officer of Body Shop International plc from 2002 to 2008. Other past board experience includes Canadian Tire Corporation, Jack Wills Limited, the British high-fashion retailer and The Second Cup, the Canadian specialty coffee chain. When Andrew Wood retires as a non-executive director at the 2016 AGM, Peter will be appointed as Senior Independent Director.

Amanda Wills
Independent
Non-executive director
ARC RC

Amanda Wills joined the Board on 20 April 2016 and brings a deep understanding of the travel industry and international experience. She started her career with Airtours plc in 1987 and was CEO of Virgin Holidays Travel Group from 2001 to 2014. Amanda is currently Non-executive director of eDreams ODIGEO S.A., a global online travel agency listed on the Madrid Stock Exchange, and Chairman of Urbanologie.com, a digital startup business catering for the high net worth and luxury sector. She was awarded a CBE in the Queen's 2015 New Year Honours list for services to the British travel industry and to charity.

Senior management

Lee Pyle	Tony Whitty	Richard Smith	Mark Briffa	Neil Morris	Rachel Thripp	Justin Scarborough
Group Head of Technology	Managing Director, Cabot Aviation	Head of Product, Air Partner Broking	Chief Executive Officer	Chief Financial Officer	Group Head of Human Resources	Interim Managing Director, Baines Simmons and Director of Corporate Development and Investor Relations

The Operating Board 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 Operating Board 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.

Corporate governance statement continued

Effectiveness

Composition of the Board
The composition of the Board is shown on page 40.

As previously stated in the 2015 Annual Report, Grahame Chilton resigned as a Non-executive director of the Company with effect from 16 March 2015.

Amanda Wills was appointed to the Board as Independent, Non-executive director on 20 April 2016.

Shaun Smith has been appointed to the Board as Independent, Non-executive director with effect from 1 May 2016.

After five years on the Board, Andrew Wood has decided to step down as a Non-executive director and therefore will not stand for re-election at the 2016 AGM.

After Andrew retires from the Board, Peter Saunders will be appointed as Senior Independent director.

Full details of the decision to seek new Non-executive directors and the selection process are set out in the Nomination Committee report on page 43.

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 2016, 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 Board evaluation exercise conducted by an external facilitator will be undertaken in early 2017.

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.

Election and re-election of directors
Following her appointment to the Board on 20 April 2016, Amanda Wills will stand for election at this year's Annual General Meeting. The Board recommends the election of Amanda Wills as listed in the separate Notice of Annual General Meeting.

Following his appointment to the Board with effect from 1 May 2016, Shaun Smith will stand for election at this year's Annual General Meeting. The Board recommends the election of Shaun Smith as listed in the separate Notice of Annual General Meeting.

In accordance with best practice, all other directors will resign at the 2016 AGM and stand for re-election.

Nomination Committee report

Richard Everitt
Chairman of the Nomination Committee

Dear Shareholder
The principal purpose of the Nomination 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 2015, the Nomination Committee made up of Richard Everitt, Peter Saunders and Mark Briffa decided to seek a non-executive director with the appropriate expertise to assist the Board in developing its strategy in response to the rapid technology changes occurring in the aviation and travel industry. The Committee consulted with its advisers to obtain recommendations for suitable candidates. After careful consideration of the candidates against criteria and interviews by each member of the Committee and the CFO, the Committee recommended to the Board that Amanda Wills be appointed as a Non-executive director. Amanda was appointed to the Board with effect from 20 April 2016.

Following Andrew Wood's decision to step down as a non-executive director after the 2016 AGM, the Committee also sought a non-executive director with the appropriate expertise to replace Andrew as Chairman of the Audit and Risk Committee. Following consultation with its advisers, a number of recommendations were put forward and after careful consideration of candidates against criteria and interviews by each member of the Committee and the CFO, the Committee recommended to the Board that Shaun Smith be appointed as a Non-executive director. Shaun will join the Board on 1 May 2016.

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 adviser conducting a search for appropriate candidates require them to search for candidates from as many different backgrounds as possible.

On behalf of the Nomination Committee

Richard Everitt
Chairman
27 April 2016

Corporate governance statement continued

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 and Risk 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 2016 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 Board and the Operating 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 Operating Board 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 customers. 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;
- the Company has a robust risk management process that follows a sequence of risk identification, assessment of probability and impact, and assigns an owner to manage mitigation activities. A risk register is monitored by senior management and reported to the Audit and Risk Committee. The risk register and the methodology applied are the subject of continuous review by senior management and updated to reflect new and developing areas which might impact business strategy. The Audit and Risk Committee actively reviews the risk register and assesses the actions being taken by senior management to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on pages 32 to 34; 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, which covered all material controls including financial, operational and compliance controls, 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.

Audit and Risk Committee report

Andrew Wood
Chairman of the Audit and Risk Committee

Dear Shareholder

The Audit and Risk 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 risk management and 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 Committee is made up of the Non-executive directors:

Andrew Wood (Chairman)
Richard Everitt
Peter Saunders
Amanda Wills

Shaun Smith will be appointed to the Committee with effect from 1 May 2016. 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 page 40. When Andrew retires from the Board at the 2016 AGM, it is proposed that Shaun Smith will be appointed as Chairman of the Committee. Shaun is considered to have recent and relevant financial experience.

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 38.

The Committee met four 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.

Corporate governance statement continued

Audit and Risk Committee report continued

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 31 January 2016 year end were:

Revenue recognition
During the year, the directors reviewed the Group's revenue recognition methodology. Following this review, it was identified that the Group acted as agent in the vast majority of its contractual arrangements with its customers based on the specific terms of the Group's standard contracts. Accordingly, revenue and cost of sales in the prior period were restated as shown in note 2 to the financial statements. These changes were agreed with the Group's external auditor in advance of the annual audit.

Adoption of new contract approval policy
As a result of the change in revenue recognition policy, the Group has had to adapt its controls around contract approval to ensure that it is possible for management to be able to identify contracts that might be principal in nature. Given the change in recognition took place during the year, a retrospective review process was adopted for the year under review, with the adoption of the new methodology applied in the current financial year.

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 and intangible assets created through acquisitions
During the year ended 31 January 2016, the Group made two acquisitions: Cabot Aviation Services Limited and Baines Simmons Limited. There is significant judgement required in the valuation of the intangibles and the Group has used a third party to assist in the process to ensure the assets identified are valued in accordance with IFRS 3 (revised) – Business Combinations.

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 risk, 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 and Risk Committee's decision to recommend re-appointment on an annual basis.

During the year ended 31 January 2016, Deloitte also provided 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. Fees payable to Deloitte for audit and other services are disclosed in note 6 on page 98. Subsequent to the year end, the Group has appointed BDO as its tax adviser and as a result Deloitte's non-audit fees are likely to be lower going forward.

External auditor effectiveness
The Committee reviews the effectiveness of the external auditor with the CFO at the end of each audit period. The Committee has begun the process of formally assessing Deloitte's effectiveness by asking members of the Committee, the CFO and individuals who have worked with Deloitte during the year under review to provide their feedback. This process will conclude after the completion of the 2016 audit and further details will be included in the 2017 Annual Report.

Deloitte has indicated its willingness to continue in office and the Committee has recommended Deloitte's appointment to the Board. A resolution to re-appoint Deloitte will be proposed at the 2016 AGM.

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.

Internal audit effectiveness
The Code and the Committee's terms of reference require the Committee to monitor and review the effectiveness of the Company's internal audit processes. The Committee is satisfied that the internal audit function fulfilled its objectives for the year.

Whistle-blowing
The Committee reviewed the Group's whistle-blowing policy, known as the Concern at Work policy, which is in place to enable members of staff to raise concerns about possible improprieties in matters of financial reporting or other matters which they believe would damage the performance or reputation of the Company.

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 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 and Risk Committee

Andrew Wood
Chairman of the Audit and Risk Committee
27 April 2016

Corporate governance statement continued

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 2015 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 2016 AGM will be held at 11am on Wednesday 29 June at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY. 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.

Directors' remuneration report

Annual statement by the Chairman of the Remuneration Committee

Peter Saunders
Chairman of the Remuneration Committee

"On behalf of the Remuneration Committee ("the Committee"), I am pleased to present the Directors' remuneration report for the year ended 31 January 2016."

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 2016.

I have set out in my statement the following information:

- the Committee's philosophy for remuneration;
- how the Committee reflects employee remuneration arrangements in considering executive remuneration;
- the key activities undertaken by the Committee during the year and in particular, details of the outcome and proposals arising from the independent review of the Group's remuneration policy which was carried out during the year; and
- the key areas of focus for the Committee during 2016/2017 and beyond.

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.

Directors' remuneration report continued
Annual statement by the Chairman of the Remuneration Committee continued

The Company employs a number of people in a variety of roles, from brokers and administration support staff 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 adapted 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 Committee considers 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 Committee considers that specific circumstances require a different level of increase for Executive directors.

Key remuneration activities during the year
The key ongoing activities undertaken by the Committee during the year were:

- 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.

Last year we said that we would undertake a review of the Long Term Incentive Plan ("LTIP") and, if deemed necessary, seek approval from shareholders for the implementation of a revised plan. We decided to appoint an independent remuneration consultant to assist us with this review and, following a tender process, the Committee appointed h2glenfern Limited ("h2glenfern" – for further information about their appointment, please see page 63 in the Annual report on remuneration). As part of the Company's growth strategy, and given the revised focus in The UK Corporate Governance Code 2014 to promote the long term success of the Company, we decided it would be appropriate, and more efficient, to undertake an independent review of the Group's total remuneration policy to ensure that remuneration packages are effective in promoting the Group's strategy.

Review of remuneration
The scope of the work undertaken by h2glenfern was to:

- review the remuneration package of the Group's CEO, Mark Briffa, comparing earnings over a three-year period against the market, specifically with the earnings of other comparable CEOs;
- review the Group's executive remuneration policy and provide advice on incorporating more opportunity, flexibility and discretion while continuing to meet shareholder expectations and reflecting the spirit of the corporate governance framework;
- review the current short and long term bonus plans for executives, senior managers and the wider team; and
- advise and support the design of variable pay schemes, creating simple, effective and affordable schemes that attract and motivate individuals to drive company performance.

Although the review was focused on executive and senior management schemes, the objective was to develop a remuneration framework that can be adapted for use throughout the Company.

Outcome of the review of remuneration
The review identified a number of changes to remuneration which are intended to allow the Company to manage remuneration for Executive directors, other senior executives, managers and the employee group as a whole more effectively and to align remuneration more closely with shareholder interests. Recommendations arising from the review included the following items:

- amendments to the annual bonus plan in which the Executive directors, senior executives and managers participate;
- an above-inflation increase in the salary of the CEO;
- amendments to the remuneration policy and LTIP to give the Committee greater flexibility in structuring long term incentive awards each year; and
- the introduction of a shareholding guideline for the Executive directors.

A summary of each of these recommendations is set out below.

Significant changes have been made, effective from 1 February 2016, to the annual bonus plan in which Executive directors, senior executives and managers participate to make the plan simpler, more closely aligned to Company performance and more affordable. Further information on these changes is set out in the Annual bonus section on page 54.

The CEO's salary was increased from £225,000 to £250,000, an increase of 11%, with effect from 1 January 2016. The Committee believes that this increase reflects the CEO's achievements and his contribution to the Group over recent years, including developing and leading the implementation of the Company's strategy, and supports the Committee's aim to retain Mark Briffa and promote the long term success of the Company.

The implementation of the other recommendations requires the approval of shareholders either as a change to the current executive remuneration policy or an amendment to the Company's LTIP or both. The proposals will be put to shareholders at the 2016 AGM. The Committee has considered these proposals carefully and believes that they are in the best interests of the Company and its shareholders. The Committee consulted with its largest shareholders on recommendations arising from the outcome of the review and made changes in response to shareholder views.

The key proposals

- Amend the remuneration policy and the LTIP to give the Committee greater flexibility in structuring long term incentive awards and, in particular, defining performance conditions to fit the circumstances each year against the Company's strategic development, being mindful of market and shareholder expectations. Under the current policy and LTIP, the structure and targets of the performance conditions to be applied to LTIP awards each year are fixed. The proposed amendments will allow the Committee to: select appropriate performance condition criteria and mix each year, to set appropriate growth target levels each year, to make adjustments to EPS to reflect underlying performance and TSR baseline within sensible parameters at the time of making awards, to average EPS over up to three years to address volatility of business and reward sustained improvement, and to average the share price at the start and end of the measurement period for the TSR condition.

  Further amendments to the LTIP are proposed to allow dividend equivalent payments to be added to performance share awards and to introduce malus and clawback provisions. No change is proposed to the annual LTIP award level limits. The Committee believes that these changes to the policy and LTIP will enable it to manage remuneration more flexibly and efficiently and will improve alignment between performance and pay-outs. The amendments to the remuneration policy and to the LTIP require shareholder approval.
- Introduce a shareholding guideline with a target value of shareholding of 100% of salary for the CEO and 50% of salary for the CFO to be achieved over five years. This proposal supports the building of Executive directors' shareholdings and will be included in the revised remuneration policy for which shareholder approval is required.

The Committee intends to make awards under the 2016 LTIP at 150% of salary for the CEO and 50% of salary for the CFO following the 2016 AGM and to apply both an EPS growth and TSR performance condition to these awards. The proposed CEO award for 2016 is at the maximum level permitted under the remuneration policy to be used in exceptional circumstances. The Committee sees that this award reflects Mark Briffa's achievements and contribution to the Group over recent years and furthermore it supports his retention and the building of the CEO's shareholding in the Company. Further information on the performance conditions which the Remuneration Committee intends to apply to 2016 awards is set out in the Annual report on remuneration.

The Company intends in due course to introduce a Company-wide share plan, the details of which will be determined during 2016/2017. The introduction of this plan will require shareholder approval which will be sought in due course.

As stated in the 2015 Annual Report, the Company has implemented clawback provisions in respect of annual bonuses for the Executive directors. This has been reflected in the policy table.

Directors' remuneration report continued

Annual statement by the Chairman of the Remuneration Committee continued

As part of the review, the Committee considered the introduction of a deferred bonus plan whereby a proportion of the annual bonus would be deferred into shares. However it determined that at present current policy on this should be maintained, with the Committee having discretion to settle bonus awards in cash or shares. The Committee is also proposing an amendment to the executive remuneration policy to allow the Executive directors to receive some or all of the Company's pension contribution in cash as an alternative to the Company making a contribution into a personal pension plan. This change is proposed in response to changes in the UK pensions regime.

Overall, the Committee believes that the changes implemented and proposed support the future business strategy and reinforce the link between pay and performance. The Committee sees that the retention and appropriate incentivisation of the CEO is critical to the implementation of strategy. The proposed changes to the LTIP policy will allow the Committee better to align remuneration with strategy, long term objectives and positive outcomes for shareholders.

The Committee has consulted with significant shareholders on the key elements of the changes proposed and is seeking approval from shareholders for a revised remuneration policy, set out in the table and notes on pages 53 to 62, at the 2016 AGM.

Focus for 2016/2017 and beyond

During the current year, the Committee will implement the revised policy following approval by shareholders and consider the introduction of a Company-wide share incentive plan. The Committee will continue to review executive remuneration to ensure it remains appropriate to promote the long term success of the Company.

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.

I will be available, together with my fellow Committee members, at the 2016 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
27 April 2016

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, pension entitlements and incentive awards made during the year on page 64 and directors' beneficial interests in shares on page 67.

The information set out on pages 63 to 69 of this report includes, as indicated, the auditable disclosures referred to in the Auditors' report on pages 74 to 80 as specified by the UK Listing Authority and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations").

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, which will be put to the shareholder vote at the forthcoming Annual General Meeting on Wednesday 29 June 2016; and
- the Annual report on remuneration which sets out payments made to the Directors which also will be put to shareholder vote at the 2016 AGM.

Remuneration policy report

This section of the report sets out the Directors' remuneration policy ("the Policy") as determined by the Committee. The changes outlined above have been reflected in the policy table below and will be subject to shareholder approval at the 2016 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 62.

Remuneration element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
Base salary	Supports the recruitment and retention of executive directors of the calibre required to fulfil 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: • pay levels at companies of a similar size and complexity; • external market conditions; • pay and conditions elsewhere in the Group; and • 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. Executive directors may elect, with the Committee's consent, to receive some or all of the Company's pension contribution as a cash alternative. Bonuses are non-pensionable.	Both the CEO and CFO receive a company contribution of 12% 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

Directors' remuneration report continued

Remuneration policy report continued

Remuneration element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback 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. May be paid in shares at the Committee's discretion.	Maximum opportunity to achieve: • CEO: 150% of base salary; and • CFO: 100% of base salary. Bonus accrues from threshold levels of performance.	Both CEO and CFO bonus payment based on: • Personal objectives: 30% based on performance towards Key Results Areas ("KRA") defined at the beginning of each financial year; and • 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. From 2016, arrangements in place under which amounts paid out in bonus can be clawed back from Executive Directors in defined circumstances.
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. 25% of awards vest at threshold levels of performance. For performance above threshold, awards vest on a straight-line basis up to a maximum of 100%.	Maximum plan award of 150% of base salary to be used in exceptional circumstances. Usual award levels will be: • CEO – 100 to 150% of base salary; and • CFO – 75 to 100% of base salary.	The Committee will review the appropriateness of performance measures on an annual basis and set challenging targets consistent with the business strategy. The Committee has the ability to select appropriate performance condition criteria, mix and targets each year. In the past these have been EPS and TSR-based targets and the Committee expects this to continue. Further detail of the specific measures that the Remuneration Committee intends to apply to awards made in the year ending 31 January 2017 are set out in the annual report of this report.	As per the rules of the scheme, awards will lapse if the executive leaves before the end of the performance period. The 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. Contains provisions under which amounts paid out can be clawed back from Executive directors in defined circumstances. Contains a 'malus' provision. See further detail under Long term incentives on page 56.
Shareholding guideline	Incentivises executives to achieve the Company's long term strategy and create sustainable shareholder value. Aligns with shareholder interests.	Target value to be achieved over five years: • CEO – 100% of salary; and • CFO – 50% of salary. Until the guideline has been achieved, executives must retain at least half vested LTIP awards beyond those needing to be sold to pay tax.	Not applicable	Not applicable	Not applicable

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 2016 AGM and, subject to that approval, will become effective from that date.

Components of Executive directors' 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 Result 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.

Following the review of remuneration carried out during 2015, key elements of the bonus scheme remain as before. For the Executive directors, 30% of annual bonus remains based on KRAs and 70% remains linked to corporate performance, the maximum opportunity remains the same and clawback provisions have been introduced.

Changes across the Company include the following;

- employees who are entitled to receive commission no longer participate in the annual bonus plan; and
- for performance between threshold and target, only bonus based on KRAs is paid. Previously, for senior executives excluding the Executive directors, a portion of bonus was based on divisional performance. This portion of bonus has been reduced and now forms part of the KRA portion of bonus.

Targets for the previous and current financial years are deemed commercially sensitive and therefore are not disclosed before the end of the year to which they relate. Retrospective disclosure of performance targets will be made in the Annual Report prepared in respect of that year.

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.

Under the Air Partner Share Option Scheme 2012 ("the 2012 Scheme"), options were granted to eligible employees (including Executive directors) within the Group, subject to defined limits. No further grants of options may be made to the Executive directors of the Company under the 2012 Scheme.

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.

Directors' remuneration report continued

Remuneration policy report continued

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.

Under the current LTIP rules, awards made under the LTIP are 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 EPS and TSR performance conditions being achieved over a minimum period of three years.

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.

Following the review of remuneration carried out during 2015, the Committee is proposing a number of amendments to the LTIP rules to give the Committee greater flexibility in structuring long term incentive awards and, in particular, defining performance conditions to fit the circumstances each year against the Company's strategic development, being mindful of market and shareholder expectations. The proposed amendments will allow the Committee to select appropriate performance condition criteria and mix each year, to set appropriate growth target levels each year, to make adjustments to EPS to reflect underlying performance and TSR baseline within sensible parameters at time of making awards, to average EPS over up to three years to address volatility of business and reward sustained improvement, and to average share price at the start and end of the measurement period for TSR condition.

Further amendments to the LTIP are proposed to allow dividend-equivalent payments to be added to performance share awards and to introduce malus and clawback provisions. These allow the Committee to determine, at its absolute discretion, that an unvested LTIP award (or part of an award) may not be permitted to vest or that the level of vesting is reduced in certain circumstances or payment back of some or all of an award is required after vesting. Examples of such circumstances shall include, but are not limited to:

- a material misstatement of the Group's financial statements;
- a material error in determining the level of satisfaction of a performance condition or target;
- a participant deliberately misleading the Company, the market and/or shareholders in relation to the financial performance of the Group;
- a material failure of risk management; and
- a participant having been found to have engaged in any form of misconduct and/or there are in existence circumstances which justify a participant's summary dismissal.

The Committee has the right to apply the malus provision to an individual or on a collective basis. It shall also (acting reasonably and in good faith) determine the amount or award subject to clawback.

No change is proposed to the annual LTIP award level limits. The Committee believes that these changes to the policy and LTIP will enable it to manage remuneration more flexibly and efficiently and will improve alignment between performance and pay-outs.

Policy provisions relating to Executive directors' remuneration

How employee pay is taken into consideration
When determining remuneration policy and arrangements for executive directors, the Committee considers 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 Committee considers that specific circumstances (such as change of role) require a different level of increase for Executive directors.

The Committee did not consult with its employees in formulating this policy.

Shareholder views on remuneration
The Chairman of the Committee will be available for contact with institutional investors concerning the Company's approach to remuneration. The Company welcomes a dialogue with its shareholders and will seek the views of its major shareholders if and when any major changes are being proposed to the policy. The Committee consulted with major shareholders in respect of key changes to the policy outlined above.

Alignment of executive remuneration and the market
The Committee sets executive remuneration policy in the light of its knowledge of remuneration at comparable companies and undertakes benchmarking exercises periodically so that it can do this. This is done to ensure executive remuneration is appropriate, competitive and not excessive.

Approach to remuneration on recruitment
When determining appropriate remuneration arrangements and in the event that the Company recruits a new Executive director (either from within the organisation or externally), 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.

Directors' remuneration report continued

Remuneration policy report continued

Executive director service contracts

The Executive directors have rolling service contracts that provide for a twelve-month notice period by either party. Other than in circumstances such as gross misconduct or other immediate justifiable cause, the Company may terminate the Executive director's 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 2016	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, 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, while 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.

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.

Flexibility, discretion and judgment

Every attempt has been made to ensure that the majority of situations and scenarios that may arise in relation to directors' remuneration have been covered in this policy. However, there may be times when the Committee may need to exercise appropriate flexibility, discretion and judgment to achieve a fair result as no remuneration policy, however comprehensive and carefully designed and implemented, can pre-empt every possible scenario. Discretion must be available to the Committee at times when changes to business requirements demand it has the ability to assess and amend pay and short term or other incentives as appropriate in order to motivate, drive appropriate behaviours and incentivise performance to promote the long term success of the Company. Judgment and flexibility may also be needed in downgrading, as well as upgrading, certain remuneration elements, or in determining a suitable balance between fixed and performance-related, immediate and deferred remuneration, thereby permitting the Committee to adapt to changing or challenging situations in the overall business environment for the benefit of the Company, including considerations of political and social pressures to which the Company may be subject. Although the Committee will seek to maintain a strict adherence to the three-year policy whenever possible, the requirement to engage with shareholders each and every time a measure is identified as being required can be onerous in time and expense. The Committee remains wholly committed to maintaining engagement with shareholders throughout the three-year life of the policy and, where appropriate, shall formally engage them in placing a revised policy to a General Meeting for approval before the three-year period expires. The Committee, however, requests the ability (and flexibility) to exercise their discretion and judgment to ensure that the determination and implementation of this policy is fair to both the directors and the shareholders, while taking into account the overall performance of the Company and any relevant internal and external factors.

The Committee shall exercise such discretion for the key areas detailed as follows:

Bonus – Bonus programmes for executive directors are unique and tailored to their respective roles with the annual setting of performance criteria which shall be transparent and challenging and also 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 to develop the bonus programme, as necessary, by application of sufficient flexibility regarding the determination of the terms applied: (1) to alter the performance criteria each year as necessary 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; (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, loyalty, transitional considerations, time-apportionment and any additional terms which may be reasonably applied to such payment; (4) whether to settle bonus awards in cash or shares or a combination of both to obtain an appropriate balance for the Company; and (5) for the implementation of appropriate arrangements for withholding or clawback of any bonus in defined circumstances.

LTIP – The Committee will have the discretion in respect of: (1) determination of 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) leavers as provided for in the policy table; (3) 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; and (4) for the implementation of appropriate arrangements for withholding an award or clawback of any award made or paid in defined circumstances.

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.

Recruitment – The making of remuneration proposals on hiring a new Executive director which are outside the standard policy, but remain generally as stipulated above under Approach to remuneration on recruitment on page 57.

Directors' remuneration report continued

Remuneration policy report continued

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 benefits, 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.	The Non-executive director fees policy is: • to pay a basic fee for membership of the Board; and • to pay 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. Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the director. The Company's current maximum fees are as follows: • 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 2016 are set out below:

Director	Date of appointment or re-appointment	Term	Unexpired term at 31 Jan 2016	Notice period
Richard Everitt	9 Feb 2015	3 years	2 y	3 months
Peter Saunders	18 Sept 2014	3 years	1 y 8 m	3 months
Amanda Wills	20 April 2016	3 years	–	3 months
Andrew Wood*	7 Jun 2014	3 years	1 y 5 m	3 months

* Andrew Wood will retire as a Non-executive director after the 2016 AGM.

Shaun Smith will join the Board with effect from 1 May 2016 for a term of 3 years, with a notice period of 3 months.

Terms and conditions for the Chairman and Non-executive directors

Richard Everitt was appointed as a Non-executive director of the Company on 1 January 2005. 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 Independent Non-executive director of the Company on 7 June 2014 for a period of three years ending on 7 June 2017. He has taken the decision to step down from the Board after the 2016 AGM.

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

Amanda Wills was appointed as Independent Non-executive director of the Company on 20 April 2016 for a period of three years.

Shaun Smith has been appointed as Independent Non-executive director of the Company with effect from 1 May 2016 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 or her 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.

Directors' remuneration report continued

Remuneration policy report continued

Illustration of application of remuneration policy

Three scenarios of Executive director remuneration are illustrated below:

	CEO	CFO
Maximum performance (fixed pay plus full vesting of all performance-related pay)	Fixed remuneration Performance bonus pay-out equivalent to 150% of base salary	Fixed remuneration Performance bonus pay-out 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 pay-out equivalent to 78.5% of base salary	Fixed remuneration Performance bonus pay-out 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 pay-out	Fixed remuneration No performance bonus pay-out

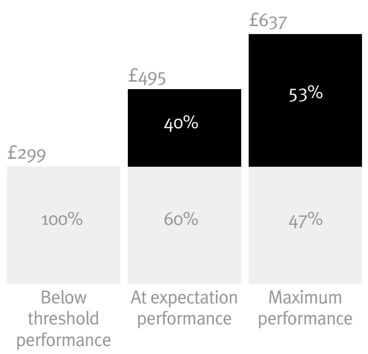
The chart below sets out an illustration of the potential value of the current components of the Executive directors' remuneration for the year ended 31 January 2017, showing the proportion of total remuneration made up of each component and the value of each component.

Chief Executive Officer

£'000

Annual bonus

Fixed pay

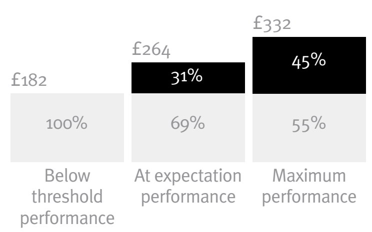


Chief Financial Officer

£'000

Annual bonus

Fixed pay



The LTIP is not included in the above illustration as it will not vest in the year ended 31 January 2017.

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.

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 above for an illustration of the criteria that have been applied to the three scenarios presented in this table.

Annual report on remuneration

This section of the report sets out the annual report on remuneration for the year ended 31 January 2016.

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 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.

Remuneration Committee membership

The members of the Committee during the year until the date of this report were:

Peter Saunders (Chairman)
Richard Everitt
Amanda Wills
Andrew Wood
Grahame Chilton (resigned 16 March 2015)

The Committee was chaired by Grahame Chilton until his resignation on 16 March 2015, when he was succeeded by Peter Saunders. Richard Everitt, Peter Saunders and Andrew Wood were members of the Committee for the whole year. Amanda Wills joined the Committee on her appointment to the Board on 20 April 2016 and Shaun Smith will join the Committee on his appointment to the Board with effect from 1 May 2016.

In addition, the Chief Executive Officer and Chief Financial Officer are 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 six times during the year. The terms of reference for the Committee can be viewed on the Company's website.

Advisers to the Committee

The Committee can and did obtain information and advice during the period under review from the Group HR Director, Rachel Thripp, the Company Secretary, Sally Chandler and the Executive directors, Neil Morris and Mark Briffa, 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. During the year under review, the Committee decided to seek advice on executive remuneration from an independent remuneration adviser as detailed in the Annual statement by the Chairman of the Remuneration Committee on pages 49 to 52. Following a tender process involving four remuneration consulting firms, the Committee selected h2glenfern Limited to conduct a review of executive remuneration. h2glenfern voluntarily operates in accordance with the Code of Conduct of the Remuneration Consultants Group in relation to executive remuneration consulting in the United Kingdom and has confirmed that it has adhered to the Code of Conduct throughout the year for all remuneration services provided to the Group. The Committee has therefore satisfied itself that all advice provided by h2glenfern was objective and independent. A fee of £25,000 was payable to h2glenfern in respect of this review. h2glenfern does not provide services to the Group other than remuneration advice.

Directors' remuneration report continued

Annual report on remuneration continued

Directors' remuneration for the year ended 31 January 2016 (audited)

The following table provides details of the directors' remuneration for the year ended 31 January 2016, together with their remuneration for the year ended 31 January 2015:

(Audited)	Salary		Taxable benefits		Bonus		Gain on vesting of share option		Pension		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Executive directors												
Mark Briffa[3]	**230**	225	**19**	19	**246**	–	**–**	–	**75**	27	**570**	271
Neil Morris[3]	**152**	109	**13**	8	**78**	–	**–**	–	**32**	13	**275**	130
Non-executive directors												
Richard Everitt	**60**	60	**–**	–	**–**	–	**–**	–	**–**	–	**60**	60
Andrew Wood	**35**	35	**–**	–	**–**	–	**–**	–	**–**	–	**35**	35
Grahame Chilton[1]	**4**	35	**–**	–	**–**	–	**–**	–	**–**	–	**4**	35
Peter Saunders[2]	**34**	11	**–**	–	**–**	–	**–**	–	**–**	–	**34**	11
Total	**515**	475	**32**	27	**324**	–	**–**	–	**107**	40	**978**	542

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

2 Peter was appointed as Chairman of the Remuneration Committee on 16 March 2015. Expenses reimbursed to Peter, including air fares to Board meetings, amounted to £21,207 in the year to 31 January 2016.

3 Mark Briffa and Neil Morris surrendered £47,000 and £13,000 respectively out of their bonuses to be paid as pension contributions.

Taxable benefits – Executive directors receive a benefits package including a car allowance, life assurance, subsidised gym membership and home telephone and internet facility. The car allowance payable to the CEO and CFO included in the above amount was £15,000 and £10,000 respectively (2015:£15,000 and £5,833).

Bonus – the maximum bonus for the period for the CEO and CFO was capped at 150% of the financial element of the bonus, which equates to a maximum of 150% of salary and 100% of salary respectively.

LTIP – awards under the Air Partner Long Term Incentive Plan 2012 were made to both Executive directors in the period under review and are subject to performance and continued service conditions.

Pension-related benefit – both Executive directors are members of the Air Partner Pension Scheme (a defined contribution scheme) and receive a pension contribution of 12% of base salary. Executive directors may elect with the Committee's consent to receive some or all of the Company's pension contribution as a cash alternative.

Annual bonus (audited)

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 2016 was £3.8m and for the financial year ended 31 January 2015 was £4.8m.

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

As the Group achieved its underlying profit before tax target and surpassed the 65% underpin level of the payment of the personal objective element, bonuses were payable to the Executive directors for the period ending 31 January 2016.

	Mark Briffa			Neil Morris		
	Weighting as % of bonus	% achieved in 2016	Total bonus earned £	Weighting as % of bonus	% achieved in 2016	Total bonus earned £
Personal objectives	30%	90%	60,750	30%	56%	17,640
Financial target	70%	100%	232,250	70%	100%	73,500
Total bonus achieved	100%		293,000	100%		91,140

The specific performance targets for the annual bonus for the current and previous year are considered to be commercially sensitive and accordingly are not disclosed.

Payment table of employee wages and other Company metrics

	2015-2016	2014-2015	% variance
Total employee pay (£m)	15,396	13,066	17.8
Profit before tax (£m)*	3,163	2,636	20.0
Total dividends paid (pence)	22.73	20.66	10.0

*The Remuneration Committee considers profit before tax to be a key measure of the Group's performance, therefore it is shown above.

Directors' remuneration report continued

Annual report on remuneration continued

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 seven financial years compared with the FTSE All Share Index.

Air Partner and FTSE All Share Index total return (rebased)
£'000

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 %
2016	570	73.9	–
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 2016, on an annualised basis, and 31 January 2015. All UK employees employed by the Group in both January 2015 and January 2016 were chosen as the most appropriate comparator group as this includes senior management and excludes international employees who are on different pay structures.

%	Salary	Benefits	Annual bonus
CEO	11.1%	4.1%	100%
Average pay based on all of the Group's UK employees	6.0%	17.8%	258.8%

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 January 2016	31 January 2015
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	**–**	–

There were no changes in the directors' beneficial interests in shares between 31 January 2016 and 27 April 2016 (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								
Name		31 January 2015	Granted	Exercised	Expired	Lapsed	**31 January 2016**	Exercise price	Earliest date of exercise	Expiry date
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	–	–	(37,500)	–	**90,000**			

* option vested but not exercised.

† as none of the performance criteria for these share options were met the options have lapsed.

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

Directors' remuneration report continued

Annual report on remuneration continued

Long term incentive plan ("LTIP") (audited)

Long term incentive plan (audited)		Number of LTIP								
Name	Date of Grant	31 January 2015	Granted	Exercised	Expired	Forfeited	**31 January 2016**	Exercise price	Earliest date of exercise	Expiry date
M A Briffa	21 Oct 2013	55,840	–	–	–	–	**55,840**	0.0p	22 Oct 2016	22 Oct 2020
	3 Jun 2015	–	87,097	–	–	–	**87,097**	0.0p	04 Jun 2018	04 Jun 2025
Total		55,840	87,097	–	–	–	**142,937**			
N M Morris	3 Jun 2015	–	38,710	–	–	–	**38,710**	0.0p	04 Jun 2018	04 Jun 2025
Total		–	38,710	–	–	–	**38,710**			

The face value of awards made to Mark Briffa and Neil Morris are £340,000 and £151,000. This is calculated based on a closing share price of £3.89 on 3 June 2015.

The awards granted are subject to the achievement of performance and employment conditions as specified by the Remuneration Committee. Vesting of the grants is subject to a combination of 50% earnings per share ("EPS") and 50% total shareholder return ("TSR") related targets:

EPS:

- 100% vest if performance greater than RPI + 20% per annum
- 25% vest if performance equal to RPI +15% per annum

TSR:

- 100% vest if performance greater than 75th percentile
- 25% if performance equal to 50th percentile

Between these target levels, share options will vest on a straight-line basis and shares will vest, subject to achievement of these performance conditions, on 3 June 2018.

The adjusted underlying EPS for the base year ending 31 January 2015 has been calculated as 19.5p excluding the impact of one-off tax credits.

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 as ascertained by the Official List, which was 502.5p on 21 October 2013 and 387.5p on 2 June 2015.

The market price per share at 31 January 2016 was 385.13 pence (31 January 2015: 299.9 pence) and ranged between 277.75 pence and 448.75 pence during the year. The average price during the year ended 31 January 2016 was 380.59 (31 January 2015: 385.91) pence per share.

Shareholder voting

At the 2015 AGM, the results of the votes on the Directors' remuneration report and Directors' remuneration policy were:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For (including discretionary)	4,125,067	99.85	4,122,817	99.78
Against	6,368	0.15	9,118	0.22
Votes withheld	7,773	–	7,273	–

Application of the policy for 2016/2017

Fixed pay

Following an independent review of the remuneration of the CEO conducted during the year, the CEO salary was increased with effect from 1 January 2016 by 11% as described in the Annual statement by the Chairman of the Remuneration Committee on pages 49 to 52. Details of the fixed pay of the Executive directors for the current year are set out in the table below:

	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	250*	15	265	225	15	240
CFO	155	10	165	150	10	160

* with effect from 1 January 2016.

There will be no change to the benefits arrangements of the Executive directors in the current financial year.

Pension

The Company pension contribution for the Executive directors will remain the same in the current financial year. Executive directors may elect with the Committee's consent to receive some or all of the Company's pension contribution as a cash alternative.

Annual bonus

The Committee has set stretching targets for both group financial performance and KRAs under the annual bonus plan. Detail on the targets is considered commercially sensitive and for this reason is not disclosed during the current financial year.

The performance measures and weightings for the financial year ending 31 January 2017 are as follows:

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

LTIP

The Committee intends to make awards under the LTIP at 150% of salary for the CEO and 50% of salary for the CFO following the 2016 AGM. The rationale for an award of this size to the CEO is laid out in the Annual statement by the Chairman of the Remuneration Committee on pages 49 to 52.The Committee intends that two thirds of the award will be subject to an earnings per share ("EPS") growth target to be averaged over a two-year period, with threshold vesting at RPI + 5% per annum and full vesting at RPI + 10% per annum, and one third of the award will be subject to an absolute total shareholder return ("TSR") target, with threshold vesting at 9% per annum returns and full vesting at 16% per annum returns. The Committee believes that these performance condition types strike an appropriate balance between internal financial performance and shareholder alignment. The use of absolute TSR is simpler to explain, understand and calculate than relative TSR and avoids the challenges of selecting a peer group.

The Directors' remuneration report was approved by the Board on 27 April 2016 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 2016.

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 35 to 73.

Details of the salaries, bonuses, benefits and share interests of directors in the Directors' remuneration report on page 64.

Directors' responsibility statement on page 73.

Employee relations and equal opportunities in Resources and relationships on pages 30 and 31.

Likely future events and all post balance sheet events are disclosed within the Strategic report on pages 0 to 34.

Management report

The Strategic report on pages 0 to 34 and this Directors' report, with its inclusions as indicated above, form the Management report as required by the Disclosure and Transparency Rules 4.1.5R.

Directors and directors' interests

The names of the directors of the Company are shown on page 40 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 page 40. Details of directors' interests in the shares of the Company are shown on page 67. 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.

Substantial shareholdings

As at 27 April 2016, 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
Schroder Investments Ltd	1,816,783	17.40	Indirect
Aberforth Partners LLP	1,337,835	12.81	Indirect
Barclays Stockbrokers	738,080	7.07	Indirect
Hargreaves Lansdown, stockbrokers	724,010	6.93	Indirect
BlackRock	687,672	6.58	Indirect
T D Waterhouse, stockbrokers	387,143	3.71	Indirect
Brewin Dolphin, stockbrokers	355,235	3.40	Indirect

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

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 2016 was 10,443,513 (2015: 10,261,693). 181,820 shares were issued on 12 May 2015 in respect of the acquisition of Cabot Aviation Services Limited.

Options outstanding under all employee share schemes amounted to 7.5% of the Company's issued share capital as at 31 January 2016. This includes options granted which have not yet vested. In addition options representing 5.99% of the issued share capital have been exercised within the 10 years preceding 31 January 2016. No more than 10% of the issued share capital in any rolling 10-year period may currently be taken up by employee share schemes by way of dilution with any excess (up to a further 10% of the issued share capital) being acquired by purchase in the market via The Air Partner Employee Benefit Trust ("the 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 dis-apply 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 2015.

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.

The Trust holds ordinary shares in the Company in order to satisfy options under the Group's share option schemes. At 31 January 2016, the number of ordinary shares held by the Trust was 159,236. Shares held by the Trust abstain from voting and are not entitled to receive dividends. A further 100,910 shares are held by the Trust in a nominee capacity for two beneficiaries of the Trust.

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.

Greenhouse gas emissions

	2016 Global tonnes of CO2E	2015 Global tonnes of CO2E
Vehicles	**16**	15
Electricity for heat and cooling	**307**	230
Total	**323**	245

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.

Directors' report continued

Political contributions
There were no political contributions during the year (2015: £nil).

Directors' statements
As required under the Companies Act 2006, the UK Corporate Governance Code 2014 and the Disclosure and Transparency Rules ("DTRs"), various statements have been made by the Board as set out on pages 0 to 34 and are incorporated into this Report by reference.

Auditor
Deloitte LLP has confirmed that they are willing to be re-appointed as auditor for the financial year ending 31 January 2017.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing the appointment of a statutory auditor will be proposed at the 2016 AGM.

Annual General Meeting
The 2016 AGM will be held at 11am on Wednesday 29 June at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY. 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 27 April 2016 and is signed on its behalf by:

Sally Chandler
Company Secretary
Air Partner plc

Directors' responsibility statement

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

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

Directors are also required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

Directors' statement of responsibility for financial statements
Each of the directors serving at the date of approval of the accounts confirms that, to the best of his or her 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 or her 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.

The Directors' statements were approved by the Board on 27 April 2016 and are signed on its behalf by:

Sally Chandler
Company Secretary
Air Partner plc

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

Opinion on 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 2016 and 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 Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 36. 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 Group 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 and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group
As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the directors' statement on the longer term viability of the Group contained within the corporate governance statement on page 36.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 36 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 32 to 34 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 90 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agree with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence
We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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 Group audit engagement team.

Focus areas – risks of material misstatement

1 Revenue recognition: classification as either principal or agent
2 Revenue recognition: early recognition of Jetcard and other deferred income
3 Completeness of provisions against operator prepayments
4 Completeness of operator accruals
5 Valuation of goodwill and intangible assets created through new acquisitions

The description of risks below should be read in conjunction with the significant issues considered by the Audit and Risk Committee discussed on page 46.

1 Revenue recognition: classification as either principal or agent

Risk
Historically, the Group has accounted for itself as principal in all contract arrangements (except some tour operations contracts). In the interim financial information for the period ended 31 July 2015, management effected a retrospective adjustment to account for revenue on the majority of contracts on an agent basis. This resulted in a significant adjustment to revenue and cost of sales. The change of accounting treatment had no impact on profit, cash or net assets. This is discussed by the Audit and Risk Committee on page 46.

For our audit of the year ended 31 January 2016 we highlighted an audit risk around the classification of revenue as either principal or agent.

The recognition of revenue as either 'agent' or 'principal' is determined by the application of the criteria set out in IAS (International Accounting Standard) 18 Revenue. Under this standard, an entity is acting as principal when it has exposure to the significant risks and rewards associated with the rendering of services. The overriding identifier for treatment of revenue as agent or principal is the level of risk and reward taken on by the Group.

The Group's revenue recognition accounting policy is included on page 94 of the notes to the financial statements.

How the scope of our audit responded to the risk
We performed the following procedures to address this risk:

- we reviewed Air Partner's standard contract terms to evaluate management's assessment on whether Air Partner is an agent;
- for those contracts where management concluded that they were principal, we obtained and reviewed those contracts against the IAS 18 criteria to assess whether the correct application of IAS 18 recognition had been applied;
- we also selected a random sample of recorded revenue amounts, obtained and reviewed the customer contract in order to assess whether the correct application of IAS 18 revenue classification had been applied; and
- we performed focused testing on a further sample of contracts which management has classified as agent arrangements by selecting a sample of those which had similar characteristics (industry, size, margin) to customer contracts where Air Partner were classified as principal. For these we evaluated management's assessment on whether Air Partner is an agent using the criteria of IAS 18.

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

2 Revenue recognition: early recognition of Jetcard and other deferred income

Risk

The Group's revenue recognition accounting policy is included on page 94 of the notes to the financial statements and states that broking income is recognised at the time the flight departs.

Our risk is focused on revenue being inappropriately recognised in order to improve the business' results through the early recognition of pre-purchased private Jetcard programme ("Jetcard") and other deferred income before the flight has occurred.

This is discussed by the Audit and Risk Committee on page 46.

How the scope of our audit responded to the risk

We performed the following procedures to address this risk:

- we selected a sample of recorded revenue amounts relating to both Jetcard and other deferred income to check that the flight had occurred by verifying to underlying flight records, customer contract and assessing for recoverability;
- we assessed the accuracy of the recorded revenue amount to the price agreed with the customer per the contract; and
- we performed analytical procedures to compare the gross margins made on the different types of revenue streams in the year compared to the prior year. If we identified an unexpected margin, we carried out more focussed testing on these revenue streams.

3 Completeness of provisions against operator prepayments

Risk

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. At the year end the value of operator prepayments was £5.0m (2015: £4.3m).

Although the Group matches 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 certain cases Air Partner may still fulfil the flight for the customer. There is a risk these prepayments need to be provided for. This is discussed by the Audit and Risk Committee on page 46.

How the scope of our audit responded to the risk

In order to address this risk:

- we checked the accuracy of the listing of prepaid operator costs as at 31 January 2016 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 the date of our testing 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
- we requested details from the Group's external legal advisors to identify legal disputes with operators.

4 Completeness of operator accruals

Risk

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:

- suppliers submit invoices with 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.

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 by the Audit and Risk Committee on page 46.

How the scope of our audit responded to the risk

We tested a sample of purchase invoices received and payments made after 31 January 2016. 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 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 reviewed significant accrual amounts against amounts recorded at the prior period end to highlight any potential risk of under accrual.

5 Valuation of goodwill and intangible assets created through new acquisitions

Risk

During the year ending 31 January 2016 Air Partner has made two acquisitions, Cabot Aviation Services Limited and Baines Simmons Limited. The value of acquisition goodwill and intangible assets is £6.5m.

There is significant judgement required in the valuation of the goodwill and intangible assets acquired and management has used an expert to assist in this process. The financial statements also required disclosure of the transactions in accordance with IFRS 3 (revised) – Business Combinations. We have identified the valuation of goodwill and intangible assets as the key audit risk in the acquisition accounting.

The Group's accounting policy is included on page 92 of the notes to the financial statements. This is discussed by the Audit and Risk Committee on page 46.

How the scope of our audit responded to the risk

In order to address this risk:

- we checked the accuracy of the schedules supporting the valuation of goodwill and intangible assets acquired as at 31 January 2016.
- we challenged the inputs and assumptions built into the valuation by involving internal specialists; and
- we audited the accounting journals posted in relation to the transaction including agreeing the consideration paid to contracts and bank statements to confirm that they were in accordance line with IFRS 3.

Last year our report included one other risk which is not included in our report this year: The valuation of goodwill relating to Air Partner S.A.S. because in the year ended 31 January 2015 Air Partner S.A.S. incurred a loss. This year there were no impairment indicators. Further, last year within our revenue recognition risk we included the risk that revenue is allocated inappropriately across multi-flight contract itineraries. At 31 January 2016 there were no such contracts.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

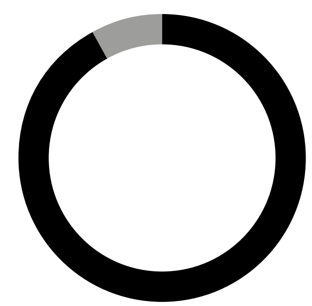
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

We determined materiality for the Group to be £285,000 (2015: £286,000), which is 7.5% (2015: 7.5%) of normalised pre-tax profit, 2.1% (2015: 2.1%) of equity and below 0.6% of statutory revenue (2015: below 0.8%).

Materiality

■ Statutory PBT £3.2m
■ Materiality £0.29m

(PBT: Profit before taxes)



We used pre-tax profit as a basis to determine materiality as this is the financial measure most observed by the users of the financial statements of Air Partner plc. Pre-tax profit has been normalised by excluding non-trading items, which for the year ended 31 January 2016 were shared based payment charges and the amortisation of intangibles relating to acquisitions and restructuring costs. We have used an average of normalised profit before tax over the last three periods.

We agreed with the Company's Audit and Risk Committee that we would report to them on all audit differences in excess of £5,700 (2015: £5,700), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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

An overview of the scope of our audit

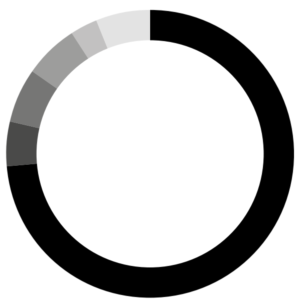
Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. Based on that assessment, we focused our Group audit scope primarily on the Group operations in the UK, France, the USA, Germany and Italy.

UK and France were subject to a full audit, whilst the USA, Germany and Italy were subject to specified audit procedures including full audit procedures on significant risks. Our testing in the USA, Germany and Italy was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations including an audit of account balances relating to the significant risks areas applicable to these locations. The Group audit engagement team visited all overseas component audit teams as part of our oversight of their work.

For all other locations we have performed analytical review procedures at Group level. At the parent entity level we also tested the consolidation process. The only change in scope this year is that we performed specified audit procedures in Italy rather than an analytical review.

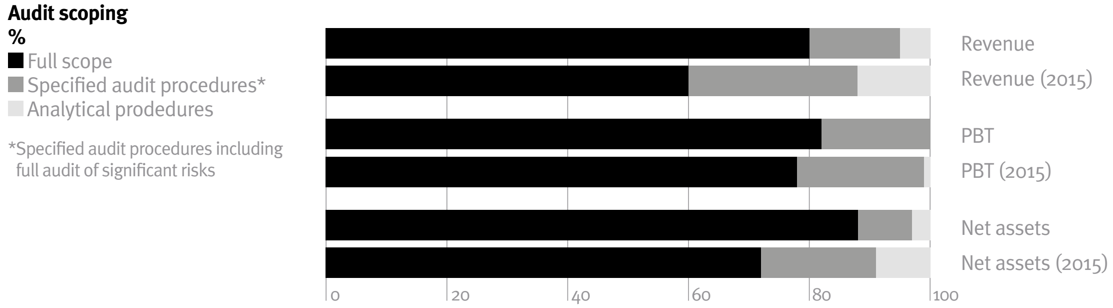
The Group audit engagement team have obtained an understanding of the Group, including the consolidation process and Group-wide controls, to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances. The Group results are split as follows:

Revenue



The Group audit engagement team performs the audit of the UK business and procedures on the US business without the involvement of a component team. The materiality used in each location where we performed an audit or specified audit procedures ranged from £128,000 to £228,000 (2015: £142,700 to £242,700).

Audit scoping
%



*Specified audit procedures including full audit of significant risks

We visited each of the four overseas locations set out above in order for a senior member of the Group audit engagement team to update our understanding of the operations, risks and control environments of each component as well as a review of the component auditor's working papers and attend key meetings with component management.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Group's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

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 and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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

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). 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 and independent partner review.

This report is made solely to the Group'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 Group'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 Group and the Group'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 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

27 April 2016

Financial statements

Consolidated income statement
for the year ended 31 January 2016

		Year ended 31 January 2016			Year ended 31 January 2015 (as restated – see note 2)		
Continuing operations	Note	**Underlying* £'000**	**Other items £'000**	**Total £'000**	Underlying* £'000	Other items £'000	Total £'000
Gross transaction value (GTV)	2	**210,752**	**–**	**210,752**	192,100	–	192,100
Revenue	3	**49,942**	**–**	**49,942**	37,585	–	37,585
Gross profit	4	**27,269**	**–**	**27,269**	22,025	–	22,025
Administrative expenses		**(22,883)**	**(1,152)**	**(24,035)**	(19,393)	–	(19,393)
Operating profit		**4,386**	**(1,152)**	**3,234**	2,632	–	2,632
Finance income	9	**10**	**–**	**10**	25	–	25
Finance expense	9	**(81)**	**–**	**(81)**	(21)	–	(21)
Profit before tax		**4,315**	**(1,152)**	**3,163**	2,636	–	2,636
Taxation	10	**(1,311)**	**81**	**(1,230)**	151	–	151
Profit for the year from continuing operations		**3,004**	**(1,071)**	**1,933**	2,787	–	2,787
Discontinued operations							
Profit/(loss) for the year from discontinued operations	11	**387**	**–**	**387**	(7)	–	(7)
Profit for the year		**3,391**	**(1,071)**	**2,320**	2,780	–	2,780
Attributable to:							
Owners of the parent company		**3,391**	**(1,071)**	**2,320**	2,780	–	2,780
Earnings/(loss) per share:							
Continuing operations							
Basic	13	**29.7p**	**(10.6)p**	**19.1p**	27.7p	–	27.7p
Diluted	13	**29.5p**	**(10.5)p**	**19.0p**	27.5p	–	27.5p
Discontinued operations							
Basic	13	**3.8p**	**–**	**3.8p**	(0.1)p	–	(0.1)p
Diluted	13	**3.8p**	**–**	**3.8p**	(0.1)p	–	(0.1)p
Continuing and discontinued operations							
Basic	13	**33.5p**	**(10.6)p**	**22.9p**	27.6p	–	27.6p
Diluted	13	**33.3p**	**(10.5)p**	**22.8p**	27.4p	–	27.4p

*Before other items (see note 7)

Consolidated statement of comprehensive income
for the year ended 31 January 2016

	Year ended 31 January 2016 £'000	Year ended 31 January 2015 £'000
Profit for the year	**2,320**	2,780
Other comprehensive income – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(29)**	(8)
Total comprehensive income for the year	**2,291**	2,772
Attributable to:		
Owners of the parent company	**2,291**	2,772

Financial statements continued

Consolidated statement of changes in equity
for the year ended 31 January 2016

	Share capital £'000	Share premium account £'000	Merger reserve £'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 25)	–	–	–	–	–	–	8	**8**
Share options exercised during the year	–	–	–	103	–	–	(22)	**81**
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	(41)	**(41)**
Dividends paid (note 12)	–	–	–	–	–	–	(2,077)	**(2,077)**
Closing equity as at 31 January 2015	513	4,518	–	(1,051)	1,093	1,485	6,753	**13,311**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2015	513	4,518	–	(1,051)	1,093	1,485	6,753	**13,311**
Profit for the year	–	–	–	–	–	–	2,320	**2,320**
Exchange differences on translation of foreign operations	–	–	–	–	(29)	–	–	**(29)**
Total comprehensive income for the year	–	–	–	–	(29)	–	2,320	**2,291**
Issue of shares	9	296	295	(300)	–	–	–	**300**
Share option movement for the year	–	–	–	–	–	223	–	**223**
Deferred tax on share-based payment transactions (note 25)	–	–	–	–	–	–	18	**18**
Share options exercised during the year	–	–	–	152	–	–	(84)	**68**
Dividends paid (note 12)	–	–	–	–	–	–	(2,331)	**(2,331)**
Closing equity as at 31 January 2016	522	4,814	295	(1,199)	1,064	1,708	6,676	**13,880**

Company statement of changes in equity
for the year ended 31 January 2016

	Share capital £'000	Share premium account £'000	Merger reserve £'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 period	–	–	–	–	–	1,251	**1,251**
Share option movement for the year	–	–	–	–	55	–	**55**
Deferred tax on share-based payment transactions (note 25)	–	–	–	–	–	8	**8**
Share options exercised during the year	–	–	–	103	–	(22)	**81**
Dividends paid (note 12)	–	–	–	–	–	(2,077)	**(2,077)**
Closing equity as at 31 January 2015	513	4,518	–	(1,051)	1,485	4,549	**10,014**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares £'000	Share option reserve £'000	Retained earnings £'000	**Total equity £'000**
Opening equity as at 1 February 2015	513	4,518	–	(1,051)	1,485	4,549	**10,014**
Profit for the year	–	–	–	–	–	5,636	**5,636**
Total comprehensive income for the year	–	–	–	–	–	5,636	**5,636**
Issue of shares	9	296	295	(300)	–	–	**300**
Share option movement for the year	–	–	–	–	223	–	**223**
Deferred tax on share-based payment transactions (note 25)	–	–	–	–	–	18	**18**
Share options exercised during the year	–	–	–	152	–	(84)	**68**
Dividends paid (note 12)	–	–	–	–	–	(2,331)	**(2,331)**
Closing equity as at 31 January 2016	522	4,814	295	(1,199)	1,708	7,788	**13,928**

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 30).

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.

Merger reserve
The merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition partly made by the issue of shares.

Financial statements continued

Consolidated statement of financial position
as at 31 January 2016

	Note	31 January 2016 £'000	31 January 2015 £'000
Assets			
Non-current assets			
Goodwill	14	**4,450**	838
Other intangible assets	15	**3,714**	1,066
Property, plant and equipment	16	**1,281**	1,273
Deferred tax assets	25	**389**	299
		9,834	3,476
Current assets			
Trade and other receivables	18	**23,708**	21,029
Current tax assets		**438**	1,157
Restricted bank balances		***2,840***	*1,842*
Other cash and cash equivalents		***16,951***	*16,952*
Total cash and cash equivalents		**19,791**	18,794
Derivative financial instruments	23	**36**	–
		43,973	40,980
Total assets		**53,807**	44,456
Current liabilities			
Trade and other payables	20	**(3,911)**	(2,660)
Current tax liabilities		**(133)**	(87)
Other liabilities	21	**(5,633)**	(4,067)
Borrowings	19	**(514)**	–
Deferred income		**(25,807)**	(23,669)
Provisions	22	**(421)**	(512)
Derivative financial instruments	23	**–**	(150)
		(36,419)	(31,145)
Net current assets		**7,554**	9,835
Long term liabilities			
Borrowings	19	**(2,957)**	–
Deferred tax liability	25	**(551)**	–
Total long term liabilities		**(3,508)**	–
Total liabilities		**(39,927)**	(31,145)
Net assets		**13,880**	13,311
Equity			
Share capital	27	**522**	513
Share premium account	28	**4,814**	4,518
Merger Reserve	29	**295**	–
Own shares	30	**(1,199)**	(1,051)
Translation reserve		**1,064**	1,093
Share option reserve		**1,708**	1,485
Retained earnings		**6,676**	6,753
Total equity		**13,880**	13,311

These financial statements were approved and authorised for issue by the Board on 27 April 2016 and were signed on its behalf by:

M A Briffa
Director

N J Morris
Director

Company statement of financial position
as at 31 January 2016

	Note	31 January 2016 £'000	31 January 2015 £'000
Assets			
Non-current assets			
Intangible assets	15	**992**	1,063
Property, plant and equipment	16	**897**	1,032
Investments	17	**8,587**	2,025
Deferred tax assets	25	**75**	45
		10,551	4,165
Current assets			
Trade and other receivables	18	**15,483**	12,290
Current tax assets		**337**	484
Restricted bank balances		***2,840***	*1,842*
Other cash and cash equivalents		***12,146***	*8,887*
Total cash and cash equivalents		**14,986**	10,729
Derivative financial instruments	23	**36**	–
		30,842	23,503
Total assets		**41,393**	27,668
Current liabilities			
Trade and other payables	20	**(1,462)**	(797)
Current tax liabilities		**–**	–
Other liabilities	21	**(5,460)**	(2,232)
Borrowings	19	**(514)**	–
Deferred income		**(16,906)**	(13,997)
Provisions	22	**(166)**	(478)
Derivative financial instruments	23	**–**	(150)
		(24,508)	(17,654)
Net current assets		**6,334**	5,849
Long term liabilities			
Borrowings	19	**(2,957)**	–
Total liabilities		**(27,465)**	(17,654)
Net assets		**13,928**	10,014
Equity			
Share capital	27	**522**	513
Share premium account	28	**4,814**	4,518
Merger reserve	29	**295**	–
Own shares	30	**(1,199)**	(1,051)
Share option reserve		**1,708**	1,485
Retained earnings		**7,788**	4,549
Total equity		**13,928**	10,014

These financial statements were approved and authorised for issue by the Board on 27 April 2016 and were signed on its behalf by:

M A Briffa
Director

N J Morris
Director

Air Partner plc Registered no. 00980675

Financial statements continued

Consolidated and company statement of cash flows
for the year ended 31 January 2016

	Note	Group Year ended 31 January 2016 £'000	Group Year ended 31 January 2015 £'000	Company Year ended 31 January 2016 £'000	Company Year ended 31 January 2015 £'000
Net cash inflow from operating activities	32	**5,785**	4,405	**387**	3,679
Investing activities					
Continuing operations					
– Interest received		**10**	25	**3**	15
– Dividends received from subsidiaries		**–**	–	**3,277**	–
– Purchases of property, plant and equipment		**(118)**	(820)	**(69)**	(624)
– Purchases of intangible assets		**(153)**	(705)	**(153)**	(701)
– Acquisition of subsidiary	31	**(5,902)**	–	**(514)**	–
Net cash (used in)/generated by investing activities		**(6,163)**	(1,500)	**2,544**	(1,310)
Financing activities					
Continuing operations					
– Dividends paid		**(2,331)**	(2,077)	**(2,331)**	(2,077)
– Proceeds on exercise of share options		**68**	81	**68**	81
– New bank loans raised		**3,600**	–	**3,600**	–
– Repayments of borrowings		**(129)**	–	**(129)**	–
Net cash generated by/(used in) financing activities		**1,208**	(1,996)	**1,208**	(1,996)
Net increase in cash and cash equivalents		**830**	909	**4,139**	373
Opening cash and cash equivalents		**18,794**	18,419	**10,729**	10,899
Effect of foreign exchange rate changes		**167**	(534)	**118**	(543)
Closing cash and cash equivalents		**19,791**	18,794	**14,986**	10,729

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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
JetCard cash restricted in its use	**2,840**	1,842	**2,840**	1,842
Jetcard cash unrestricted in its use	**13,936**	12,251	**10,303**	9,648
Total JetCard cash	**16,776**	14,093	**13,143**	11,490
Non-JetCard cash	**3,015**	4,701	**1,843**	(761)
Cash and cash equivalents	**19,791**	18,794	**14,986**	10,729

Notes to the financial statements
for the year ended 31 January 2016

1 General information
Air Partner plc ("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 0 to 34.

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.

Adoption of new and revised standards

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

Annual Improvements 2010-2012 cycle and 2011-2013 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 2010-2012 cycle or 2011-2013 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, which is mandatorily effective for accounting periods beginning on or after 1 January 2015 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.

Notes to the financial statements
for the year ended 31 January 2016 continued

2 Accounting policies continued

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 to IFRSs: 2012-2014 cycle; effective for periods beginning on or after 1 January 2016;
- IFRS 11 (amendments) Accounting for acquisitions of interest in Joint Operations; effective for periods beginning on or after 1 January 2016;
- IAS 16 (amendments) 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 and IAS 41 (amendments) Property, Plant and Equipment: Amendments to bring bearer plants into the scope of IAS 16 rather than IAS 41; effective for periods beginning on or after 1 January 2016;
- IAS 27 (amendments) Separate Financial Statements; Amendments reinstating the equity method; effective for periods beginning on or after 1 January 2016;
- IAS 1 (amendments) Disclosure initiative; effective for periods beginning on or after 1 January 2016;
- IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 28 Investment in associates; applying the consolidation exception for investment entities; effective for periods beginning on or after 1 January 2016;
- IAS 12 Income taxes: clarify recognition of deferred tax assets for unrealised losses; effective for periods beginning on or after 1 January 2017;
- IAS 7 Statement of cash flows: clarify disclosure requirements; effective for periods beginning on or after 1 January 2017;
- IFRS 9 (2014) Financial Instruments; effective for periods beginning on or after 1 January 2018;
- IFRS 16 Leases; effective for periods beginning on or after 1 January 2019; and
- IFRS 15 Revenue from Contracts with Customers; effective for periods beginning on or after 1 January 2018.

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) Critical 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 goodwill

Management conducts annual impairment reviews of the carrying value of goodwill in relation to the French company, Air Partner International S.A.S. and Cabot Aviation Services Limited. As Baines Simmons Limited has been held for less than a year and there are no indications of impairment, no impairment review has been undertaken.

Third party claims

In previous years an assessment had 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. The time period for such claims to be made has now passed and the provision relating to these has been released. See note 22 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 but are expected to crystallise. These estimates may not reflect the ultimate outcome.

Restatement of prior year

During the year ended 31 January 2016, the directors reviewed the Group's revenue recognition methodology. Following this review, which was conducted with reference to the contractual terms between the Group and its customers, the directors determined that it was more appropriate to recognise the majority of the Group's customer contracts on an agency basis, rather than that of principal.

Accordingly, revenue for the year to 31 January 2015 has been restated at £37.6m due to this change in methodology. The Group will continue to present the former revenue amount, now called "Gross transaction value" (see definition below in note 2 r) on the face of the income statement.

There has been no impact on reported profit, net assets or cash flows as a result of this change in methodology.

The table below reconciles the income statement for the year ended 31 January 2015 as previously reported to the current position:

Year ended 31 January 2015	As previously Stated £'000	Change in revenue methodology £'000	**Total £'000**
Revenue	192,100	(154,515)	**37,585**
Gross profit	22,025	–	**22,025**
Administrative expenses	(19,393)	–	**(19,393)**
Operating profit	2,632	–	**2,632**

Strategic report

Corporate governance

Financial statements

Notes to the financial statements
for the year ended 31 January 2016 continued

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 0 to 34. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic report on pages 0 to 34. In addition, note 23 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 Group has considerable cash resources and little debt. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group 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.

Goodwill denominated in currencies other than sterling is revalued at the rate of exchange ruling at balance sheet date.

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
Internally generated assets
Internally generated intangible assets developed by the Group are recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Other research expenditure is written off in the period in which it is incurred.

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. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Other intangible assets
Intangible assets arising on acquisition are stated at fair value less accumulated amortisation and any impairment losses. Amortisation of the carrying value intangible assets arising on acquisition is charged to the income statement over the estimated useful life, which is as follows:

Brands	10% per annum straight line
Mandates / order book	100% per annum
Customer relationships	5% - 16.7% per annum straight line
Training materials	10% per annum straight line

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

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

Notes to the financial statements
for the year ended 31 January 2016 continued

2 Accounting policies continued

i) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

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

j) Assets in disposal groups classified as held for sale

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

k) Financial instruments

Financial assets

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

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

Financial assets at fair value through profit or loss

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

Derivative financial instruments

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

2 Accounting policies continued

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.

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', 'accrued costs' and 'borrowings'. 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.

Borrowings

Borrowings consist of an interest bearing bank loan which is recorded at fair value.

Notes to the financial statements
for the year ended 31 January 2016 continued

2 Accounting policies continued

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.

Other items

The directors believe that the underlying profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The underlying profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to reported profit before tax are to exclude the following:

- restructuring costs;
- significant and one-off impairment charges and provisions that distort underlying trading;
- costs relating to strategy changes that are not considered normal operating costs of the underlying business;
- acquisition costs;
- amortisation of intangible assets recognised on acquisition; and
- acquisition consideration classified as an employee cost under IFRS3 Business Combinations.

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.

m) Revenue

Revenues are derived from aircraft chartering services, aircraft remarketing services, aircraft inspection services and the provision of training and safety consulting services. In line with IAS 18 Revenue, where a contract has been determined as principal, the full amount of the invoice is recognised as revenue, where Air Partner is not acting as Principal revenue is recognised on an agency basis. 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 and is only recognised where there is a contractual right to receive consideration for work undertaken, the amount can be measured reliably and it is probable that future economic benefits will flow.

Aircraft chartering services

Amounts receivable in respect of aircraft chartering services are recognised 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 acting as agent, the net amount receivable by the Group is recognised as revenue. In instances where the Group is acting as principal, the full amount of the contract is recognised as revenue.

Aircraft remarketing services

Cabot Aviation System Limited's principal activity is that of an aircraft remarketing broker. Fees earned in respect of these services are recognised when they become payable in accordance with the terms of the contract with the customer.

2 Accounting policies continued

Aircraft inspection services

Aircraft registered with the Isle of Man registry, which is managed by Baines Simmons Limited, require an annual inspection. Amounts receivable in respect of such inspections are recognised as revenue once the aircraft has been inspected.

Provision of aviation related training and safety consulting services

Baines Simmons Limited provides aviation related specialist training and consultancy services. Revenue is recognised by reference to the stage of completion of the contract determined by the value of the services provided at balance sheet date as a proportion of the total value of the assignment. Amounts in respect of unbilled services provided to customers are recognised as revenue at balance sheet date.

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 4.

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) Gross transaction value

Gross transaction value ("GTV") represents the total value invoiced to customers and is stated exclusive of Value Added Tax.

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.

Notes to the financial statements
for the year ended 31 January 2016 continued

3 Revenue
An analysis of the Group's revenue is as follows:

Continuing operations	2016 £'000	2015 £'000
Aircraft chartering	**47,289**	37,585
Aircraft remarketing	**273**	–
Aircraft inspection	**627**	–
Training and safety consulting services	**1,753**	–
	49,942	37,585

Included in revenue arising from the United Kingdom is revenue of approximately £21,963,000 (2015: £12,945,000) which arose from sales to the Group's two largest customers. No other single customers contributed more than 10% to the Group's revenue in 2016 or 2015.

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

Following acquisitions in the year the group has four operating segments: Commercial Jets Broking, Private Jets Broking, Freight Broking and Baines Simmons. Cabot Aviation Services results are aggregated in to Commercial Jets Broking. As a result, prior year segmental analysis has been restated to reflect the current segmental reporting of continuing operations and the change in accounting methodology referred to in note 2. Overheads with the exception of Corporate costs are allocated to the Group's operating segments in relation to operating activities.

The Segmental analysis for the year ended 31 January 2015 has been restated following a change in accounting methodology referred to in note 2.

Sales transactions between operating segments are carried out on an arm's length basis. All 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 revenue, 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 2016 Continuing operations	Commercial Jets Broking £'000	Private Jets Broking £'000	Freight Broking £'000	Baines Simmons £'000	Corporate costs £'000	Total £'000
Segmental gross profit	14,005	9,361	1,857	2,046	–	**27,269**
Depreciation and amortisation	(339)	(186)	–	(6)	–	**(531)**
Impairment losses	(361)	–	–	(29)	–	**(390)**
Underlying operating profit	2,952	2,387	767	(99)	(1,621)	**4,386**
Other items (see note 7)	(436)	(261)	(44)	(411)	–	**(1,152)**
Segment result	2,516	2,126	723	(510)	(1,621)	**3,234**
Finance income						**10**
Finance expense						**(81)**
Profit before tax						**3,163**
Tax						**(1,230)**
Profit after tax						**1,933**
Discontinued operations						**387**
Profit for the year						**2,320**

4 Segmental analysis continued

Year ended 31 January 2015 Continuing operations	Commercial Jets Broking £'000	Private Jets Broking £'000	Freight broking £'000	Corporate costs £'000	Total £'000
Segmental gross profit	12,483	8,009	1,533	–	**22,025**
Depreciation and amortisation	(177)	(84)	–	–	**(261)**
Impairment losses	–	–	–	–	**–**
Underlying operating profit	2,693	791	368	(1,220)	**2,632**
Other items (see note 7)	–	–	–	–	**–**
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**

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

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

Continuing operations	United Kingdom £'000	Europe £'000	United States of America £'000	Rest of the World £'000	Total £'000
Year ended 31 January 2016					
Gross profit	16,486	7,353	3,187	243	**27,269**
Non-current assets (excluding deferred tax assets)	8,396	995	48	6	**9,445**
Year ended 31 January 2015					
Gross profit	10,951	7,136	3,741	197	**22,025**
Non-current assets (excluding deferred tax assets)	2,094	1,017	66	–	**3,177**

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Year ended 31 January 2016					
Gross profit	2,730	2,306	1,491	826	**7,353**
Year ended 31 January 2015					
Gross profit	2,474	2,048	1,818	796	**7,136**

Notes to the financial statements
for the year ended 31 January 2016 continued

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

Continuing operations	2016 £'000	2015 £'000
Net foreign exchange gain	(2)	(24)
Change in the fair value of derivative financial instruments	(186)	104
Depreciation of property, plant and equipment	304	226
Amortisation of intangible fixed assets – acquired	216	–
Amortisation of intangible fixed assets – other	225	35
Impairment of trade receivable	390	124
Loss on disposal of property, plant and equipment	–	5
Operating lease rentals – land and buildings	494	526
Operating lease rentals – other	99	69
Staff costs (see note 8)	15,291	13,066

6 Auditor's remuneration
Fees payable to the principal auditor and its network firms for audit and other services are disclosed below:

	2016 £'000	2015 £'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	179	130
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)	18	19
Total audit fees	197	149

	2016 £'000	2015 £'000
Fees payable to the Company's auditor and its associates for other services to the Group:		
Tax services	22	13
Other tax services	–	43
Other non-audit services	21	–
Total non-audit fees	43	56

7 Other items

Continuing operations	2016 £'000	2015 £'000
Restructuring costs	(419)	–
Amortisation of purchased intangibles	(216)	–
Acquisition costs	(419)	–
Non-cash acquisition related costs	(98)	–
	(1,152)	–
Tax effect of other items	81	–
Other items after taxation	(1,071)	–

Restructuring costs relate to changes to the management structure following the acquisitions made during the year.

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

Continuing operations	2016 Number	2015 Number
Operations	155	104
Administration	105	91
	260	195

The aggregate payroll costs comprised:

Continuing operations	2016 £'000	2015 £'000
Wages and salaries	12,730	10,752
Social security costs	1,956	1,835
Pension costs	480	424
Share-based payments	125	55
	15,291	13,066

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.

9 Finance income and expense

Continuing operations	2016 £'000	2015 £'000
Finance income		
Interest on bank deposits	10	25

Continuing operations	2016 £'000	2015 £'000
Finance expense		
Interest on loans and bank overdrafts	74	8
Unwinding of discount on provisions	7	13
	81	21

Notes to the financial statements
for the year ended 31 January 2016 continued

10 Taxation

	Continuing operations		Discontinued operations		Total	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Current tax:						
UK corporation tax	**561**	207	**98**	(2)	**659**	205
Foreign tax	**488**	513	**–**	–	**488**	513
Current tax adjustments in respect of prior years	**345**	(788)	**–**	–	**345**	(788)
	1,394	(68)	**98**	(2)	**1,492**	(70)
Deferred tax (see note 25)	**(164)**	(83)	**–**	–	**(164)**	(83)
Total tax	**1,230**	(151)	**98**	(2)	**1,328**	(153)
Of which:						
Tax on underlying profit	**1,311**	(151)	**98**	(2)	**1,409**	(153)
Tax on other items (see note 7)	**(81)**	–	**–**	–	**(81)**	–
	1,230	(151)	**98**	(2)	**1,328**	(153)

Corporation tax in the UK was calculated at 20.16% (2015: 21.3%) 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:

	2016 £'000	2015 £'000
Profit from continuing operations before tax	**3,163**	2,636
Profit/(loss) from discontinued operations before tax	**485**	(9)
Accounting profit before tax	**3,648**	2,627
Tax at the UK corporation tax rate of 20.16% (2015: 21.3%)	**735**	560
Effect of UK corporation tax rate at 21% from 1 February 2015 to 31 March 2015 (2015: 23% from 1 February 2014 to 31 March 2014)	**(61)**	–
Tax effect of items that are not recognised in determining taxable profit	**205**	(24)
Tax effect of losses not previously recognised	**–**	(82)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**139**	181
Current tax adjustments in respect of prior years	**303**	(788)
Deferred tax not recognised	**7**	–
Total tax charge/(credit)	**1,328**	(153)

The UK corporation tax rate decreased from 21% to 20% from 1 April 2015. The impact on the tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced. A reduction to 19% effective from 1 April 2017 and to 18% on 1 April 2020 was substantively enacted on 16 October 2015 and the deferred tax balance has been adjusted to reflect this change (see note 25).

11 Discontinued operations

In March 2010, Air Partner Private Jets Limited was closed. A claim against the company was filed by former employees of that business on the grounds that contractual undertakings could no longer be fulfilled. The last date for the claims to be pursued was 16 March 2016. As no further actions have been taken by the claimants, the claims have lapsed. As a result the provision was derecognised.

On 20 January 2014, management closed the fuel department. Accordingly, in 2015, results of the fuel department were disclosed as discontinuing operations.

	2016 £'000	2015 £'000
Revenue	**–**	62
Cost of sales	**–**	(64)
Gross profit/(loss)	**–**	(2)
Administrative expenses	**485**	(7)
Profit/(loss) before tax	**485**	(9)
Taxation	**(98)**	2
Net profit/(loss) attributable to discontinued operations	**387**	(7)

There were no cash flows attributable to discontinued operations in the year ended 31 January 2016 (2015: £7,000 cash outflow).

12 Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the year ended 31 January 2015 of 15.4 pence per share (Final dividend the year ended 31 January 2014 of 14.0 pence)	**1,578**	1,407
Interim dividend for the year ended 31 January 2016 of 7.33 pence per share (Interim dividend for the year ended 31 January 2015 of 6.66 pence)	**753**	670
	2,331	2,077

The Directors propose a final dividend for the year ended 31 January 2016 of 16.9 pence per share, subject to to shareholder approval at the Annual General Meeting to be held on 29 June 2016.

The Air Partner Employee Benefit Trust, which held 159,236 ordinary shares at 31 January 2016 (31 January 2015: 199,236) representing 1.6% (2015: 1.9%) of the Company's issued share capital is not entitled to receive dividends. A further 100,910 shares are held by the Trust in a nominee capacity for two beneficiaries of the Trust.

Notes to the financial statements
for the year ended 31 January 2016 continued

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

Continuing and discontinued operations	2016 £'000	2015 £'000
Earnings for the calculation of basic and diluted earnings per share		
Profit attributable to owners of the parent company	2,320	2,780
Adjustment to exclude other items	1,071	–
Underlying profit attributable to owners of the parent company	3,391	2,780

Number of shares	Number	Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	10,121,245	10,056,276
Effect of dilutive potential ordinary shares: share options	55,144	75,764
Weighted average number of ordinary shares for the calculation of diluted earnings per share	10,176,389	10,132,040

From continuing operations	2016 £'000	2015 £'000
Earnings		
Profit attributable to owners of the parent company	2,320	2,780
Adjustment to exclude (profit)/loss for the year from discontinued operations	(387)	7
Adjustment to exclude other items	1,071	–
Underlying earnings for the calculation of basic and diluted earnings per share	3,004	2,787

From discontinued operations	2016 £'000	2015 £'000
Earnings		
Earnings for the calculation of discontinued basic and diluted earnings per share	387	(7)

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 other items) is included as the directors believe it provides a better understanding of the underlying performance of the Group. Other items are disclosed in note 7.

14 Goodwill

Group	£'000
Cost	
At 1 February 2014	918
Foreign currency adjustments	(80)
At 31 January 2015	838
Recognised on acquisition of subsidiaries (note 31)	3,602
Foreign currency adjustments	10
At 31 January 2016	4,450
Provision for impairment	
At 1 February 2014, 31 January 2015 and 31 January 2016	–
Net book value	
At 31 January 2016	4,450
At 31 January 2015	838
At 1 February 2014	918

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2016 £'000	2015 £'000
Air Partner International S.A.S.	848	838
Cabot Aviation Services Limited	787	–
Baines Simmons Limited (Training and consulting)	2,488	–
Baines Simmons Limited (Managed Services)	327	–
	4,450	838

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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% (2015: 2%). The pre-tax rate used to discount the forecast cash flows was 13% (2015: 11%).

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.

Notes to the financial statements
for the year ended 31 January 2016 continued

15 Other intangible assets

Group	Brands £'000	Other mandates £'000	Customer relationships £'000	Training materials £'000	Software £'000	**Total £'000**
Cost						
At 1 February 2014	–	–	–	–	1,217	**1,217**
Additions	–	–	–	–	705	**705**
Foreign currency adjustments	–	–	–	–	(1)	**(1)**
At 31 January 2015	–	–	–	–	1,921	**1,921**
Additions	–	–	–	–	153	**153**
Acquired on acquisition of subsidiaries (note 31)	202	171	1,942	620	–	**2,935**
At 31 January 2016	202	171	1,942	620	2,074	**5,009**
Amortisation and impairment						
At 1 February 2014	–	–	–	–	821	**821**
Charge for the year	–	–	–	–	35	**35**
Foreign currency adjustments	–	–	–	–	(1)	**(1)**
At 31 January 2015	–	–	–	–	855	**855**
Charge for the year	9	123	55	29	225	**441**
Foreign currency adjustments	–	–	–	–	(1)	**(1)**
At 31 January 2016	9	123	55	29	1,079	**1,295**
Net book value						
At 31 January 2016	193	48	1,887	591	995	**3,714**
At 31 January 2015	–	–	–	–	1,066	**1,066**
At 1 February 2014	–	–	–	–	396	**396**

Software	Company £'000
Cost	
At 1 February 2014	**1,204**
Additions	**701**
At 31 January 2015	**1,905**
Additions	**153**
At 31 January 2016	**2,058**
Amortisation and impairment	
At 1 February 2014	**812**
Charge for the year	**30**
At 31 January 2015	**842**
Charge for the year	**224**
At 31 January 2016	**1,066**
Net book value	
At 31 January 2016	**992**
At 31 January 2015	**1,063**
At 1 February 2014	**392**

Other intangible assets comprise acquired software and assets acquired on acquisitions including training materials, customer relationships, mandates to remarket aircraft and brands.

16 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	**Total £'000**
Cost				
At 1 February 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**
Additions	47	34	37	**118**
Acquired on acquisition of subsidiaries (note 31)	40	151	–	**191**
Foreign currency adjustments	2	3	–	**5**
At 31 January 2016	858	2,615	37	**3,510**
Depreciation and impairment				
At 1 February 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**
Charge for the year	92	210	2	**304**
Foreign currency adjustments	1	1	–	**2**
At 31 January 2016	335	1,892	2	**2,229**
Net book value				
At 31 January 2016	523	723	35	**1,281**
At 31 January 2015	527	746	–	**1,273**
At 1 February 2014	542	152	3	**697**

Notes to the financial statements
for the year ended 31 January 2016 continued

16 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 February 2014	715	899	15	**1,629**
Additions	(1)	625	–	**624**
Disposals	–	–	(15)	**(15)**
At 31 January 2015	714	1,524	–	**2,238**
Additions	20	12	37	**69**
At 31 January 2016	734	1,536	37	**2,307**
Depreciation				
At 1 February 2014	159	881	13	**1,053**
Charge for the year	72	94	–	**166**
Disposals	–	–	(13)	**(13)**
At 31 January 2015	231	975	–	**1,206**
Charge for the year	72	130	2	**204**
At 31 January 2016	303	1,105	2	**1,410**
Net book value				
At 31 January 2016	431	431	35	**897**
At 31 January 2015	483	549	–	**1,032**
At 1 February 2014	556	18	2	**576**

17 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 February 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**
Additions – Cabot Aviation Services Limited	814	–	**814**
Additions – capital contributions	–	5,650	**5,650**
Additions – group share-based payments	–	98	**98**
At 31 January 2016	1,993	7,330	**9,323**
Amounts provided			
At 1 February 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 and 31 January 2016	101	635	**736**
Net book value			
At 31 January 2016	1,892	6,695	**8,587**
At 31 January 2015	1,078	947	**2,025**
At 1 February 2014	1,078	766	**1,844**

Air Partner plc made a capital contribution of £5,650,000 to Air Partner Consulting Limited during the year for the purchase of Baines Simmons Limited.

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% (2015: 2%). The pre-tax rate used to discount the forecast cash flows was 13% (2015: 11%). 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.

Notes to the financial statements
for the year ended 31 January 2016 continued

17 Investments continued

The following is a list of the 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%*
Cabot Aviation Services Limited	Aircraft remarketing	England and Wales	100%
Air Partner Consulting Limited	Holding company	England and Wales	100%
Baines Simmons Limited	Aviation safety consultants	England and Wales	100%
Aviation Compliance Limited	Aviation safety consultants	England and Wales	100%
Air Partner Jet Charter and Sales Private Limited	Air charter broking	India	100%†
Business Jets Limited	Dormant	England and Wales	100%
Air Partner Group Limited	Dormant	England and Wales	100%
Air Partner Investments Limited	Dormant	England and Wales	100%
Air Partner Enclave Limited	Dormant	England and Wales	100%
Air Partner Nordic	Air Charter Broking	Sweden	100%

* 40% is held by a subsidiary undertaking.

† 99.99% is held by one subsidiary company and 0.01% is held by another subsidiary company

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.

18 Trade and other receivables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Gross trade receivables	**16,318**	14,764	**8,558**	7,212
Allowance for bad and doubtful debts	**(809)**	(385)	**(135)**	(128)
Trade receivables	**15,509**	14,379	**8,423**	7,084
Amounts owed by Group undertakings	**–**	–	**1,505**	1,683
Social security and other taxes	**1,018**	1,182	**726**	1,033
Other receivables	**172**	196	**49**	49
Prepayments and accrued income	**7,009**	5,272	**4,780**	2,441
	23,708	21,029	**15,483**	12,290

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 movement in impaired receivables in the year is shown below:

	Group £'000	Company £'000
At 31 January 2014	**381**	**235**
Charge for the period	**124**	**13**
Receivables written off during the year	**(120)**	**(120)**
At 31 January 2015	**385**	**128**
Acquired on acquisition	**61**	**–**
Charge for the year	**390**	**–**
Receivables written off during the year	**(60)**	**(10)**
Foreign currency adjustments	**33**	**17**
At 31 January 2016	**809**	**135**

Of the amounts impaired during the period, £386,000 was for an amount past due by 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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Neither past due nor impaired	**10,346**	9,976	**5,803**	5,032
Ageing of past due but not impaired:				
– By not more than 3 months	**4,459**	3,588	**2,431**	1,383
– By more than 3 months but not more than 6 months	**146**	371	**(32)**	302
– By more than 6 months but not more than 1 year	**227**	215	**3**	136
– By more than 1 year	**331**	229	**218**	231
	15,509	14,379	**8,423**	7,084

Notes to the financial statements
for the year ended 31 January 2016 continued

19 Borrowings

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Secured bank loans	**3,471**	–	**3,471**	–

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amount due for settlement within 12 months	**514**	–	**514**	–
Amount due for settlement after 12 months	**2,957**	–	**2,957**	–
	3,471	–	**3,471**	–

All borrowings are in sterling.

The Group's borrowings consists of a bank loan of £3.6m from the company bankers. The loan was taken out on 12 August 2015. Repayments commenced on 12 November 2015 and will continue until 12 August 2020. The loan is secured by a floating charge over the Company's assets. The loan carries interest rate at 2.5% above LIBOR.

20 Trade and other payables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade payables	**3,182**	2,127	**1,333**	636
Other taxation and social security payable	**729**	533	**129**	161
	3,911	2,660	**1,462**	797

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

21 Other liabilities

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Accruals	**4,980**	3,499	**2,772**	1,487
Other liabilities	**653**	568	**–**	4
Amounts owed to Group undertakings	**–**	–	**2,688**	741
	5,633	4,067	**5,460**	2,232

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

22 Provisions

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Administration claims	**–**	478	**–**	478
Restructuring costs	**421**	34	**166**	–
	421	512	**166**	478

	Group			Company		
	Administration claims £'000	Restructuring £'000	**Total £'000**	Administration claims £'000	Restructuring £'000	**Total £'000**
At 1 February 2015	478	34	**512**	478	–	**478**
Additional provision in the year	–	421	**421**	–	166	**166**
Utilisation of provision	–	(34)	**(34)**	–	–	**–**
Unwinding of discount	7	–	**7**	7	–	**7**
Release of provision (note 11)	(485)	–	**(485)**	(485)	–	**(485)**
At 31 January 2016	–	421	**421**	–	166	**166**

A provision of £nil (2015: £478,000) 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. The claims expired in March 2016.

A provision of £421,000 was created in the year in relation to the potential costs of reorganising the leadership team into the operating board. These were expected to be settled by the end of May 2016 (see note 7).

Notes to the financial statements
for the year ended 31 January 2016 continued

23 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, trade payables and borrowings 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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Cash held at year end on fixed interest rates	**4,290**	6,712	**2,156**	2,219
Cash held at year end on variable interest rates	**15,501**	12,082	**12,830**	8,510
	19,791	18,794	**14,986**	10,729

The following table illustrates the sensitivity of cash held on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate range on which interest was receivable during the year was 0.0% to 1.0% (2015: 0.0% to 0.5%).

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Group	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Cash held at year end on variable interest rates	**155**	121	**(155)**	(121)

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Company	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Cash held at year end on variable interest rates	**128**	85	**(128)**	(85)

The group is further exposed to interest rate risk due to variable interest owed on its borrowings, £3,471,000, linked to LIBOR.

The following table illustrates the sensitivity of borrowings 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 payable during the year was 3.09% (2015: 0.0%).

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Group and company	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Borrowings on variable interest rates	**(35)**	–	**35**	–

23 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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Cash and cash equivalents	**19,791**	18,794	**14,986**	10,729
Trade and other receivables	**17,651**	15,543	**10,163**	9,385
	37,442	34,337	**25,149**	20,114

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 18 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 customer. The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the customer 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 2016, the Group and Company's financial liabilities had contractual maturities which are summarised below:

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
Group	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Trade and other payables	**22,353**	19,719	**257**	–	**2,957**	–	**–**	–
Derivative financial instruments	**–**	150	**–**	–	**–**	–	**–**	–
	22,353	19,869	**257**	–	**2,957**	–	**–**	–

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
Company	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Trade and other payables	**17,353**	14,354	**257**	–	**2,957**	–	**–**	–
Derivative financial instruments	**–**	150	**–**	–	**–**	–	**–**	–
	17,353	14,504	**257**	–	**2,957**	–	**–**	–

Notes to the financial statements
for the year ended 31 January 2016 continued

23 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:

	2016 £'000				2015 £'000			
Group	**Eur €**	**US $**	**GBP £**	**Other**	Eur €	US $	GBP £	Other
Financial assets	**15,628**	**4,714**	**16,825**	**275**	18,134	5,973	9,930	300
Financial liabilities	**(15,397)**	**(3,176)**	**(3,750)**	**(53)**	(14,877)	(3,277)	(1,382)	(183)
Short term exposure	**231**	**1,538**	**13,075**	**222**	3,257	2,696	8,548	117
Financial assets	**–**	**–**	**–**	**–**	–	–	–	–
Financial liabilities	**–**	**–**	**(2,957)**	**–**	–	–	–	–
Long term exposure	**–**	**–**	**(2,957)**	**–**	–	–	–	–
	231	**1,538**	**10,118**	**222**	3,257	2,696	8,548	117

	2016 £'000				2015 £'000			
Company	**Eur €**	**US $**	**GBP £**	**Other**	Eur €	US $	GBP £	Other
Financial assets	**10,027**	**2,058**	**14,176**	**395**	9,220	2,232	8,904	(74)
Financial liabilities	**(13,271)**	**(34)**	**(4,059)**	**(173)**	(12,086)	(570)	(1,618)	(80)
Short term exposure	**(3,244)**	**2,024**	**10,117**	**222**	(2,866)	1,662	7,286	(154)
Financial assets	**–**	**–**	**–**	**–**	–	–	–	–
Financial liabilities	**–**	**–**	**(2,957)**	**–**	–	–	–	–
Long term exposure	**–**	**–**	**(2,957)**	**–**	–	–	–	–
	(3,244)	**2,024**	**7,160**	**222**	(2,866)	1,662	7,286	(154)

23 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 2016 (2015: 10%). A 10% change is also assumed for the Sterling/US Dollar exchange rate (2015: 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% (2015: 10%) and 10% (2015: 10%) respectively the impact would have been as follows:

	2016 £'000			2015 £'000		
Group	**Eur €**	**US $**	**Total**	Eur €	US $	Total
Financial assets	**(1,563)**	**(471)**	**(2,034)**	(1,813)	(597)	(2,410)
Financial liabilities	**1,540**	**318**	**1,858**	1,488	328	1,816
Effect on profit before tax	**(23)**	**(153)**	**(176)**	(325)	(269)	(594)

	2016			2015		
Company	**Eur €**	**US $**	**Total**	Eur €	US $	Total
Financial assets	**(1,003)**	**(206)**	**(1,209)**	(922)	(223)	(1,145)
Financial liabilities	**1,327**	**3**	**1,330**	1,209	57	1,266
Effect on profit before tax	**324**	**(203)**	**121**	287	(166)	121

If sterling had weakened against the Euro and US Dollar by 10% (2015: 10%) and 10% (2015: 10%) respectively the impact would have been as follows:

	2016			2015		
Group	**Eur €**	**US $**	**Total**	Eur €	US $	Total
Financial assets	**1,563**	**471**	**2,034**	1,813	597	2,410
Financial liabilities	**(1,540)**	**(318)**	**(1,858)**	(1,488)	(328)	(1,816)
Effect on profit before tax	**23**	**153**	**176**	325	269	594

	2016			2015		
Company	**Eur €**	**US $**	**Total**	Eur €	US $	Total
Financial assets	**1,003**	**206**	**1,209**	922	223	1,145
Financial liabilities	**(1,327)**	**(3)**	**(1,330)**	(1,209)	(57)	(1,266)
Effect on profit before tax	**(324)**	**203**	**(121)**	(287)	166	(121)

Notes to the financial statements
for the year ended 31 January 2016 continued

23 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 determined as the mark-to-market value at balance sheet date is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2015: 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 2016):

Group and Company	2016 £'000	2015 £'000
Forward foreign exchange contracts – notional amount	537	2,261
Financial asset/(liability)	36	(150)

Changes in the fair value of derivative financial instruments amounting to £186,000 have been credited to the income statement in the period (2015: charge of £104,000).

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'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.

The capital structure of the Group consists of net debt (borrowings and other long term liabilities disclosed in note 19 after deducting non-JetCard cash and bank balances) and equity of the group (comprising issued capital, reserves, and retained earnings disclosed in notes 27 to 30)

The group is not subject to any externally imposed capital requirements. The Group's gearing ratio at year end is as follows:

	2016 £'000	2015 £'000
Debt	3,471	–
Cash and cash equivalents	3,015	4,701
Net (debt)/cash	(456)	4,701
Equity	13,880	13,311
Net debt to equity ratio	3.29%	0.00%

Debt is defined as long and short term borrowings and other long term liabilities as detailed in note 19.

Equity includes all share capital and reserves of the Group that are managed as capital.

23 Financial instruments continued
g) Financial assets by category

Group	2016 £'000	2015 £'000
Cash and bank balances	19,791	18,794
Financial assets held at fair value through profit or loss	36	–
Loans and receivables	17,651	15,543
Current assets which are not financial assets	6,495	6,643
Total current assets	43,973	40,980

Company	2016 £'000	2015 £'000
Cash and bank balances	14,986	10,729
Financial assets held at fair value through profit or loss	36	–
Loans and receivables	10,163	9,385
Current assets which are not financial assets	5,657	3,389
Total current assets	30,842	23,503

h) Financial liabilities by category

Group	2016 £'000	2015 £'000
Financial liabilities held at fair value through profit or loss	–	(150)
Financial liabilities measured at amortised cost	(8,676)	(5,604)
Current liabilities which are not financial liabilities	(27,743)	(25,391)
Total current liabilities	(36,419)	(31,145)

Company	2016 £'000	2015 £'000
Financial liabilities held at fair value through profit or loss	–	(150)
Financial liabilities measured at amortised cost	(7,307)	(2,864)
Current liabilities which are not financial liabilities	(17,201)	(14,640)
Total current liabilities	(24,508)	(17,654)

Group and Company	2016 £'000	2015 £'000
Financial liabilities measured at amortised cost	(2,957)	–
Total long term liabilities	(2,957)	–

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

Notes to the financial statements
for the year ended 31 January 2016 continued

24 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:

	2016		2015	
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding as at start of year	**702,136**	**371.9**	899,067	343.7
Granted during the year	**246,717**	**29.2**	–	–
Forfeited/lapsed during the year	**(133,793)**	**286.3**	(171,235)	237.7
Exercised during the year	**(30,000)**	**284.1**	(25,696)	314.0
Outstanding at year end	**785,060**	**301.7**	702,136	371.9
Exercisable at year end	**403,775**	**282.2**	346,520	579.3

The weighted average remaining contractual life of share options outstanding at the year end was 4.14 years (2015: 5.79 years).

The exercise prices of share options outstanding at year end ranged from nil pence to 1,316 pence (2015: nil pence to 884 pence).

The total charge for the year relating to employee share-based payment plans was £223,000 (2015: £55,000), all of which related to equity share-based payment transactions.

In the current year, options were granted on 1 May, 14 May and 4 June. The aggregate of the estimated fair values of the options granted on those dates is £673,000. In 2015 no options were granted. The inputs into the Monte-Carlo model are as follows:

	1 May 2015 options	14 May 2015 options	4 June 2015 options
Weighted average share price	360p	330p	388p
Weighted average exercise price	0.00-360p	0.00p	0.00p
Expected volatility	38%	38%	38%
Expected life	3 years	1-4 years	3 years
Risk-free rate	0.99%	0.99%	0.99%
Expected dividend yields	0.0%	0.0%	6.0%

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous three years, based on the historical median 50 day volatility.

25 Deferred tax
Deferred tax has been calculated at 18% (2015: 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	IFRS3 intangibles £'000	Net accelerated tax depreciation £'000	Tax losses £'000	Share-based payment £'000	Other temporary differences £'000	**Total £'000**
At 1 February 2014	–	40	–	130	77	**247**
Exchange differences on opening balances	–	–	–	–	(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**
Acquired on acquisition	(584)	(30)	–	–	–	**(614)**
Exchange differences	–	(3)	–	–	(26)	**(29)**
Credit/(charge) to the income statement	97	63	(128)	–	132	**164**
Credit direct to equity	–	–	–	18	–	**18**
At 31 January 2016	(487)	(54)	2	156	221	**(162)**

Company	Net accelerated tax depreciation £'000	Share-based payment £'000	**Total £'000**
At 1 February 2014	19	130	**149**
(Charge)/credit to the income statement	(112)	–	**(112)**
Credit direct to equity	–	8	**8**
At 31 January 2015	(93)	138	**45**
Charge to the income statement	12	–	**12**
Credit direct to equity	–	18	**18**
At 31 January 2016	(81)	156	**75**

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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Deferred tax liabilities	**(551)**	(74)	**–**	–
Deferred tax assets	**389**	373	**75**	45
	(162)	299	**75**	45

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 £232,000 (2015: £212,000) for which no deferred tax asset was recognised, as it is not considered probable that there will be future taxable profits available.

Notes to the financial statements
for the year ended 31 January 2016 continued

26 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 8.

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 £480,000 (2015: £424,000) represents contributions payable to these various schemes by the Group. As at the balance sheet date £129,000 (2015: £11,000) was accrued in respect of such schemes.

27 Share capital

	2016 £'000	2015 £'000
Authorised		
15,000,000 (2015: 15,000,000) ordinary shares of 5.0 pence each	**750**	750
Issued and fully paid		
10,443,513 (2015: 10,261,693) ordinary shares of 5.0 pence each	**522**	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.

181,820 shares were issued in the year as part of the acquisition consideration for Cabot Aviation Services Limited.

28 Share Premium

	Group and Company £'000
Balance at 1 February 2015	**4,518**
Shares issued for acquisition	**296**
Balance at 31 January 2016	**4,814**

29 Merger Reserve

	Group and Company £'000
Balance at 1 February 2015	**–**
Shares issued for acquisition	**295**
Balance at 31 January 2016	**295**

The merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued as part of the acquisition consideration for Cabot Aviation Services Limited.

30 Own shares

	Group and Company £'000
Balance at 1 February 2015	**(1,051)**
Shares issued for acquisition	**(300)**
Disposed of on exercise of options	**152**
Balance at 31 January 2016	**(1,199)**

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 to satisfy the future exercise of options under the Group's share options schemes (see note 24). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2016 was 159,236 (2015: 199,236). A further 100,910 shares are held by the Trust in a nominee capacity for two beneficiaries of the Trust.

31 Acquisition of subsidiaries

On 12 May 2015, Air Partner plc acquired 100% of the issued share capital of Cabot Aviation Services Limited, obtaining control of the company on that date. Cabot Aviation Services Limited is a leading global aircraft remarketing broker. The acquisition of Cabot Aviation Services Limited adds significant aircraft sales and dry lease expertise and knowledge to the group.

On 18 August 2015, Air Partner Consulting Limited acquired 100% of the issued share capital of Baines Simmons Limited, obtaining control of the company on that date. Baines Simmons Limited is a leading aviation safety consultant. Baines Simmons Limited will enable Air Partner to extend the Group's service and product capabilities with offerings complementary to its existing broking business.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Cabot Aviation Services Limited £'000	Baines Simmons Limited £'000	Total £'000
Fair values of assets acquired			
Financial assets	23	1,490	**1,513**
Property, plant and equipment	–	191	**191**
Intangible assets – brands	–	202	**202**
Intangible assets – customer relationships	93	1,849	**1,942**
Intangible assets – order book	171	–	**171**
Intangible assets – training materials	–	620	**620**
Deferred tax on intangible assets	(50)	(534)	**(584)**
Financial liabilities	(210)	(983)	**(1,193)**
	27	2,835	**2,862**
Goodwill	787	2,815	**3,602**
Total Consideration	814	5,650	**6,464**
Satisfied by			
Cash	514	5,650	**6,164**
Equity instruments (90,910 ordinary shares of parent company)	300	–	**300**
Total consideration transferred	814	5,650	**6,464**
Net cash outflow arising on acquisition			
Cash consideration	514	5,650	**6,164**
Less cash and cash equivalents acquired	88	(350)	**(262)**
Net cash outflow	602	5,300	**5,902**

Notes to the financial statements
for the year ended 31 January 2016 continued

31 Acquisition of subsidiaries continued
No goodwill is deductible for tax purposes.

Cabot Aviation Services

The goodwill of £787,000 arising from the acquisition is attributable to the value of the assembled workforce and the ability of the senior staff to generate future business.

Acquisition related costs (included in Other Items) amounted to £93,000.

Cabot Aviation Services Limited contributed revenue of £273,000 and losses after tax of £95,000 being the results for the period between the date of acquisition and 31 January 2016.

If the acquisition of Cabot Aviation Services Limited had been completed on the first day of the financial year, Group revenues for the period would have been £50,149,000 and Group profit after tax would have been £2,305,000.

Baines Simmons

The goodwill of £2.8m arising from the acquisition consists of the value of the assembled workforce and the ability of the company to generate new revenue.

Acquisition related costs (included in other items) amount to £326,000.

Baines Simmons Limited contributed revenue of £2,381,000 and losses after tax of £74,000, being the results for the period between the date of acquisition and the balance sheet date.

If the acquisition of Baines Simmons Limited had been completed on the first day of the financial year, Group revenues for the period would have been £52,776,000 and Group profit after tax would have been £2,437,000.

32 Net cash inflow from operating activities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Profit for the year				
Continuing operations	1,933	2,787	5,285	1,283
Discontinued operations	387	(7)	387	(7)
	2,320	2,780	5,672	1,276
Adjustments for:				
Dividends received	–	–	(3,277)	–
Finance income	(10)	(25)	(3)	(15)
Finance expense	81	21	28	19
Income tax expense/(credit)	1,328	(153)	640	(282)
Depreciation and amortisation	745	261	428	196
Impairment of investments	–	–	–	181
Profit on disposal of property, plant and equipment	–	5	–	2
Fair value (gains)/losses on derivative financial instruments	(186)	104	(186)	104
Share option cost for period	223	55	223	55
Decrease in provisions	(91)	(238)	(312)	(210)
Foreign exchange differences	(140)	496	(118)	543
Operating cash flows before movements in working capital	4,270	3,306	3,095	1,869
(Increase)/decrease in receivables	(1,377)	(773)	(3,193)	302
Increase in payables	3,901	2,343	1,054	1,805
Cash generated from operations	6,794	4,876	956	3,976
Income taxes paid	(928)	(463)	(541)	(291)
Interest paid	(81)	(8)	(28)	(6)
Net cash inflow from operating activities	5,785	4,405	387	3,679

33 Operating lease arrangements

The Group as lessee	2016 Land and buildings £'000	2015 Land and buildings £'000	2016 Other £'000	2015 Other £'000	2016 Total £'000	2015 Total £'000
Minimum lease payments under operating leases recognised as costs for the period	494	526	99	69	593	595

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

The Group as lessee	2016 Land and buildings £'000	2015 Land and buildings £'000	2016 Other £'000	2015 Other £'000	2016 Total £'000	2015 Total £'000
Within one year	457	469	66	56	523	525
In the second to fifth year inclusive	1,411	1,309	108	94	1,519	1,403
After five years	119	490	5	–	124	490
	1,987	2,268	179	150	2,166	2,418

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 2016 continued

34 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 £5,636,000 (2015: £1,251,000) including dividends from subsidiary companies of £3,277,000 (2015: £nil). The parent company has no other items of comprehensive income.

35 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	2016 £'000	2015 £'000
Subsidiaries		
Sales to subsidiaries	31	116
Purchases from subsidiaries	(33)	1,255
Amounts owed by subsidiaries at period end	1,505	1,683
Amounts owed to subsidiaries at period end	(2,688)	(741)

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

Compensation of key management personnel (being the Board of directors)	2016 £'000	2015 £'000
Short term employee benefits	871	581
Post-employment benefits	107	44
	978	625

In addition to the above amounts, key management personnel who were also shareholders received £11,000 of dividends in respect of their shareholdings in the year ending 31 January 2016 (period ending 31 January 2015: £26,000).

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

Aggregate directors' remuneration	2016 £'000	2015 £'000
Emoluments	871	581
Company contributions to money purchase pension contributions	107	44
	978	625

Two (2015: 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 63 to 69.

36 Contingent liabilities
The Group had issued the following guarantees at the year end.

Description	Currency	2016 '000	2015 '000
Passenger sales agency agreement	Sterling	–	398
Dubai employee rights	Sterling	17	17
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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