



A I R P A R T N E R P L C

Delivering the extraordinary

ANNUAL REPORT 2019



Founded in 1961, **Air Partner** is a global aviation services group providing aircraft charter and aviation safety consulting and training solutions to industry, commerce, governments and private individuals, across civil and defence organisations.

With a strong geographic presence and a 24 hour year-round flight operations centre, our teams of aviation professionals consistently put our customers first to **deliver the extraordinary**.

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Delivering the extraordinary

Freight delivers over 2,000 tons of relief cargo to Guam and Saipan

2018 was a busy year for our Freight teams, which worked tirelessly to get much needed humanitarian aid to those in need across the globe. During the typhoon season, they coordinated the transport and delivery of more than 2,000 tonnes of relief cargo from the US to Guam and Saipan.

In September, we arranged flights to Guam on An-225 and An-124 aircraft to help move urgent relief supplies. In October, we delivered aid supplies and heavy-duty equipment to rebuild the island of Saipan. The team mobilised quickly to complete more than 30 flights in less than 30 days using An-124 and B747f aircraft.

Flying cargo to this remote location was particularly challenging. Due to the size of the relief effort and the volume of flying, a member of our team was stationed on the island of Guam to personally coordinate the organisation, delivery and upload of all cargo. This enabled us to deliver the most efficient service to our client at this critical time.

“Through the support and quality of service that Air Partner provides, we were able to successfully complete these projects within 24 hours after the storm passed. Our partnership and the absolutely essential understanding of rapid response is exactly what we needed to fulfil our missions.”

Wiley Knight, Director of Humanitarian Aid for Radiant Global Logistics, on the mission to Guam

Operational highlights

- ▶ Progress made against stated long-term growth strategy
- ▶ Consulting & Training division now contributing 11.9% to Group profits (FY18: 9.7%)
- ▶ Good organic growth across US, Freight and Consulting & Training
- ▶ Key appointments made to strengthen Board and upskill management positions
- ▶ Los Angeles office opened in June 2018 to strengthen US offering

Financial highlights



	2019	2018
Underlying continuing basic EPS	9.6p	8.4p
Basic continuing EPS	5.6p	6.9p
Final dividend	3.85p	3.8p
Total dividend per share	5.6p	5.5p
Net cash	£2.0m	£4.8m

1 Gross transaction value represents the total value invoiced to clients and is stated exclusive of value added tax.

2 2018 gross profit has been restated. Please refer to note 37 in the accounts.

3 Underlying profit is stated after exceptional and other items. Please refer to note 7 in the accounts.

A clear vision

We are creating long-term value for all our stakeholders, founded on a clear strategic vision, close alignment to the needs of our global customers and diversification through value added acquisitions.

Strong leadership, reputation & market position

Our business leaders have considerable expertise in the fast evolving, high growth aviation sector. Over almost 60 years in operation we have built long-term relationships and a robust reputation within the industry. We have developed a market-leading Charter business and a Consulting & Training division which is amongst the world's most influential in aviation safety.

More information:

See Board of Directors on page 47, Operating Board on page 48 and market review on pages 12 and 13

A culture of service & innovation

We use our expertise to provide innovative solutions that exceed our customers' needs, reinforcing our brand reputation, growing sales and profits and delivering long-term value.

More information:

See case studies on pages 1, 7, 23, 25, 28 and 34

Diverse & high quality global customer base

Our customers are at the heart of every decision we make. We are proud of our global, blue-chip customer base which spans military and civil organisations, as well as multiple sectors.

More information:

See business model on pages 9 to 11

Clear long-term strategy

As well as a firm focus on performing well today, Air Partner plans and acts for the long term. We aim to grow a global aviation services group, in line with our customers' needs, consistently putting customers first to drive shareholder returns.

More information:

See our strategy on pages 18 and 19

A focus on growth – both organic & through acquisition

We aim to grow organically by capitalising on global aviation market opportunities, cross-selling our services between divisions, driving internal efficiencies and investing appropriately. We are also successfully diversifying earnings with investment in the less cyclical Consulting & Training division.

More information:

See our strategy on pages 18 and 19

Sound financial position

Asset light with low gearing, our balance sheet strength underpins our long-term growth strategy.

More information:

See KPIs on pages 20 and 21

Shareholder returns

The diversification of operations, to offer a more complete portfolio of aviation services, is leading to improved quality of earnings. As well as reinvesting in the business for the long-term benefit of all stakeholders, we provide returns to shareholders in the form of progressive dividends.

More information:

See KPIs on pages 20 and 21

At the heart of global aviation services

Our business is split into two divisions. To complement our market-leading core Charter business, our Consulting & Training division, already one of the most influential in aviation safety, enables the provision of a broad portfolio of services to our global customers.

Experience

58yrs

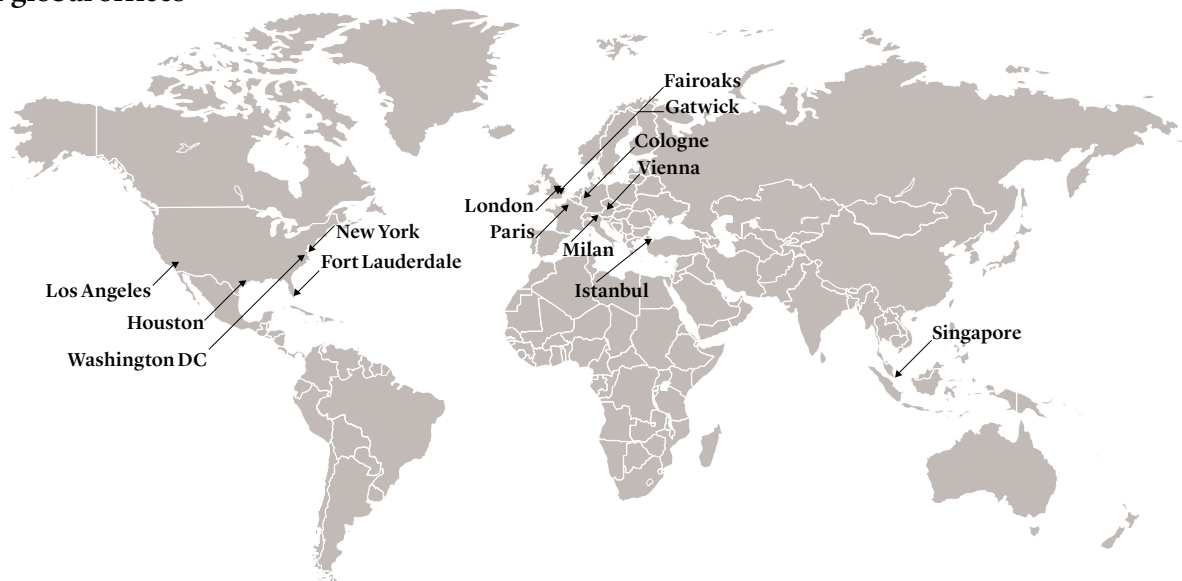
Aviation professionals

c.350

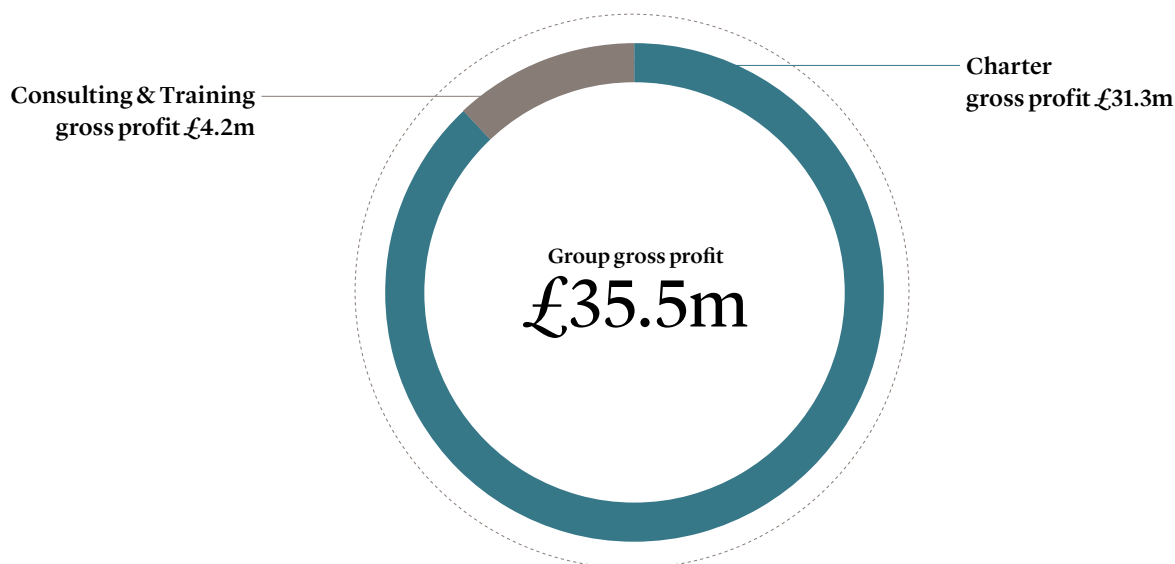
Global offices

14^{*}

Our global offices



* Offices in Houston and Singapore opened post year end, in February 2019.



Charter

We deliver year-round, tailored solutions to often complex aviation requirements, 24/7, leveraging our relationships with aircraft operators to meet our global clients' specific needs.

Commercial Jets

Charter of large aircraft (20+ people) by governments, corporates, sports and entertainment teams, industrial and manufacturing customers, and tour operators. Includes Air Partner Remarketing and short-term aircraft leasing services, covering both commercial and private jets.

Private Jets

Charter of small aircraft or jets (up to 19 people), for business and leisure, by corporates, high net worth individuals and governments. Customers can book on an ad-hoc basis or via membership of our industry-leading pre-paid JetCard product.

Freight

Charter and part-charter of cargo aircraft, from Learjets to the giant Antonov 225, for regular and bespoke requirements, including emergency aid drops, time-critical door-to-door freight delivery and on-board couriers.

More information:

See Divisional Review on pages 22 to 24

Consulting & Training

We provide managed services to airports and resolve safety, compliance and regulatory challenges, driving a cultural change to place safety at the heart of organisations.

Baines Simmons

A world-leading aviation safety consultancy specialising in regulation and compliance, safety management, training and consulting for civil and defence organisations, as well as outsourced provision of support to the Isle of Man Aircraft Registry.

Clockwork Research

A leading fatigue risk management consultancy delivering innovative and effective solutions principally for aviation customers but also for other safety-critical operating environments, such as the oil and gas, and mining sectors.

SafeSkys

A leading supplier of contracted staff, providing wildlife management units and turnkey air traffic control (ATC) services including ATC engineering to civil and defence airports.

More information:

See Divisional Review on pages 26 and 27

Going further



Ed Warner, Non-executive Chair

“We have a robust business model, sound financial position and a clear strategic vision.”

I am delighted to have been appointed Chair of Air Partner plc. This is a business that I can closely relate to given my recent past experience in the broking sector. I see a wealth of opportunity in aviation for us to expand both organically and through acquisition.

The full year results are in line with the prior year which, given the headwinds over the last 12 months, is a creditable performance. For the year ended 31 January 2019 the Group generated gross profit of £35.5m, up 2.3%, (FY18: £34.7m). Gross profit for 2018 has been restated as per note 37 of the accounts. Underlying profit before tax was in line with the prior year at £5.8m (FY18: £5.8m). Statutory reported profit before tax was 29.1% lower at £3.4m (FY18: £4.8m) reflecting the one-off costs, announced in June 2018, associated in the main with the accounting review, a proposed acquisition that did not complete as a consequence of the review, and multiple Board changes.

The past year was a challenging period for Air Partner following the discovery of an historic accounting issue and the resultant review. What is highly encouraging, however, is how Air Partner reacted to this episode, implementing the necessary changes to improve the overall control environment. Our constant commitment to putting customers first has stood us in good stead during this difficult time and

demonstrates the strength of the Company's values. We have a robust business model, sound financial position and a clear strategic vision. With the accounting review now behind us, and lessons learnt, we are focused on pursuing the Group's strategic priorities and I am pleased that good progress was made over the second half with robust results seen from further geographic diversification into the US and from a prior acquisition.

These results give me confidence that we are on the right course and delivering good progress against our long-term growth strategy to become a world-class, global aviation services group. To this end, we will continue to invest in the business for the long-term benefit of all stakeholders. We will invest to promote organic growth in our core Charter business; in people, offices and infrastructure; while also looking for acquisition opportunities to add to our portfolio of aviation services in Consulting & Training.

I share Air Partner's strong commitment to customer service, believing it to be fundamental to our strategy, values and culture. This year, the Peter Saunders Annual Award for Extraordinary Customer Service was launched in recognition of the significant influence of our late Chair. It was Peter who introduced the Customer First strategy that has developed over the years to help us put the customer at the heart of everything we do.

Delivering the extraordinary

Peter Saunders Annual Award for Extraordinary Customer Service

This year we launched the Peter Saunders Annual Award for Extraordinary Customer Service to recognise the lasting impact our late Chair, Peter Saunders, who passed away in August last year, had on our Group.

With a strong career in retail, Peter knew the importance of customer service to business performance and reputation and introduced our Customer First programme to the Air Partner strategy. Customer First has developed over the years to help us put the customer at the heart of everything we do and is fundamental to our purpose, values and culture.

We are pleased to report the inaugural winner of this important award as Baines Simmons' Andy Lewellyn. Andy joined Air Partner in 2016 and has been instrumental in the management of a significant project for a key client, helping to secure a four-year renewal of the contract in 2017. Andy's appetite for delivering the Customer First values to this high profile customer has been demonstrated continuously and unwaveringly over 2018.

“Andy’s experience and considerable effort has had a significantly positive effect.”

Client comment



“The Board is proposing a final dividend of 3.85p, a year on year increase of 1.3%, taking the full year dividend to 5.60p, a year on year increase of 1.8%.”

Our people

Air Partner relies on the teams of great people which deliver extraordinary service to our customers globally. Our customer offering is well respected across our international markets. The strong relationships that our people have built in the industry, and their knowledge and expertise, will enable us to continue to adapt as changes come our way and rise to the challenges and opportunities that they present. I am confident we can continue to grow and develop our enviable customer base from here and I would like to thank all our teams for their continued hard work.

The Board

In September 2018, our Senior Independent Director, Richard Jackson, was appointed Interim Chair while Air Partner undertook a search for a permanent successor following the sudden death of the former Chair, Peter Saunders. I was appointed Chair on 1 April 2019 and Richard resumed his role as Senior Independent Director. On behalf of the Board, I would like to thank Richard for stepping into the position at a challenging time for the business and for the excellent support he has provided.

In September 2018, we also welcomed Joanne Estell to the Board as Chief Financial Officer (CFO) and Board Director. Joanne replaced Neil Morris who resigned as CFO in April 2018. An Interim CFO was in place between April 2018 and September 2018.

On 2 May 2019, Paul Dollman joined the Board as Non-executive Director. He will also Chair the Audit and Risk Committee with effect from 26 June 2019, subject to shareholder approval at the AGM, replacing Shaun Smith, who announced in October 2018 his intention to step down from the Board at the 2019 AGM. Paul has a deep understanding of the aviation industry which, coupled with his financial expertise, will be highly beneficial to Air Partner, further aligning the Board's experience with the Group's strategy. On behalf of the Board, I would like to welcome Paul to the Board and thank Shaun for his diligence, strong support and counsel during his tenure, particularly in respect of his contribution to the Board in its management of the investigations and the changes implemented following the discovery of the historic accounting issue.

Dividend

The Board is proposing a final dividend of 3.85p, a year on year increase of 1.3%, taking the full year dividend to 5.60p, a year on year increase of 1.8%. The final dividend is expected to be paid on 4 July 2019 to those shareholders on the share register at close of business on 7 June 2019. The ex-dividend date will be 6 June 2019. The Board would like to reaffirm its ongoing commitment to its dividend policy, which targets cover of between 1.5 and 2.0 times underlying earnings per share.

Outlook

Air Partner has demonstrated its resilience over this past financial year, with a robust business model and sound strategy, executed by a team of great people dedicated to delivering an outstanding service to our global customer base. We have exciting growth plans and I am confident in our continued ability to fulfil them. The current financial year will see us invest to support our growth, as we look to strengthen our core business organically and assess acquisition opportunities to broaden our service offering.

2019 is likely to see continued challenges in the aviation sector. Our market-leading position, culture of innovation and long-term strategy mean we are well placed to navigate short-term challenges. We have a strong portfolio of global aviation services which provides us with exposure to various sectors and geographies, and our portfolio approach, without any single product or market dominating, helps to mitigate volatility in any one market or product line. Current trading is slightly ahead of the prior year.

I am confident that we have the right strategy in place and I look forward to working with our dedicated teams to achieve our long-term growth ambitions.



Ed Warner
Chair

9 May 2019

We deliver the extraordinary to fly our world.

We aim to create long-term, sustainable value for all our stakeholders by offering a broad portfolio of aviation services to our blue-chip, global customer base.

Our people are at the heart of our business and together we believe that by putting our customers first we create the difference, delivering the extraordinary to fly our world.

Our resources, relationships and what drives our business

- ▶ Talented people
- ▶ Aviation expertise
- ▶ Leading market reputation
- ▶ Diverse customer base
- ▶ Long-standing relationships
- ▶ Balance sheet strength
- ▶ Strong market fundamentals
- ▶ Our brand
- ▶ Customer focus
- ▶ Long-term vision

What we do

Charter

In our market-leading core division, without owning aircraft ourselves, we leverage the relationships we have with aircraft operators to deliver tailored solutions to our customers', often complex, aviation requirements.

Consulting & Training

We provide managed services to airports and resolve safety, compliance and regulatory challenges for businesses, armed forces, governments and regulators, placing safety at the heart of client organisations.

More information:

See At A Glance on page 5

What differentiates us

A culture of service and innovation

To deliver the extraordinary, we support and encourage an entrepreneurial, creative and client-focused culture. We use our expertise to provide innovative solutions that exceed our customers' needs. Our excellent customer service has enabled us to achieve preferred supplier and trusted adviser status to some of the most prestigious organisations and discerning individuals in the world.

Experience, scale and plc status

Our experience and scale enable us to handle projects that some of our competitors would find difficult. As a listed company, we are governed by strict financial regulations and are committed to achieving a high standard of corporate governance, to provide all stakeholders with financial transparency and assurance.

More information:

See our case studies on pages 23 and 25 and our Governance on pages 43 to 83

Where we add value

For our customers

We are diversifying the range of aviation services we offer in line with the increasingly broad requirements of our customers. In addition to this, in Charter, as we don't own aircraft, we are not limited to one fleet, but will source the right aircraft to meet our customers' precise needs. In Consulting & Training, against a backdrop of changing regulation, our customers benefit from our leading edge understanding of safety best practice.

Net Promoter Score

↑ **86%** (2018: 79%)

For our suppliers

In Charter, the airlines we work with can rely on our professionalism and experience to market their aircraft effectively to our broad, global customer base. In Consulting & Training, our network of associates benefit from our extensive training offering and large client base.

Number of aircraft operators we worked with over 2018

>500

For our people

We aim to run a business that is equitable for all, regardless of gender, race, nationality, disability or any other difference, and to treat everyone fairly and with respect. We are keen to ensure that people remain engaged and challenged to reach their full potential. See our Strategy Review on pages 18 and 19 to see how we do this.

Engagement

→ **69%** (2018: 69%)

For our shareholders

Our long-term strategic objective to create equal balance between our two divisions will smooth some of the fluctuations we experience in the Charter division, thereby stabilising future earnings. As well as reinvesting in the business for the long-term benefit of all stakeholders, we provide returns to shareholders in the form of progressive dividends. Dividend growth over the last four years has been 6.1% per annum (CAGR).

2019 Total dividend per share

5.60p (2018: 5.50p)

Navigating the market

The global aviation market is fast growing and competitive. Both our Charter and safety-focused Consulting & Training divisions are well positioned to benefit from this growth.

2019 is likely to see further consolidation in the market as high fuel prices, EU Regulation 261 (awarding compensation to passengers for long delays or cancellations) and political uncertainty continue to impact airline operators. While this can present challenges and opportunities for Air Partner, our exposure to these key drivers of the market is limited. Being asset light and with our years of experience, we are quick to respond to short-term market issues, but always take a long-term strategic approach in the interests of our customers, employees and shareholders.

The aviation market

A steadily growing aviation market

The wider environment

Natural disasters, geopolitical events and economic downturns

The market for Charter

A broad, fragmented and competitive market

The market for Consulting & Training

Increasing regulation and compliance

Trend	Impact	How we're responding
Global passenger numbers are forecast to double to 8.2bn by 2037*.	As the aviation market grows, the demand for our aviation services increases in both Charter and Consulting & Training.	We are building a portfolio of aviation services, in line with customers' requirements. The addition of further services gives us the opportunity to cross-sell between our two divisions, to increase revenue, strengthen relationships and support customer retention. We are also investing in our teams and building our geographic presence where we see demand.
The global aviation market can be adversely affected by geopolitical events, natural disasters and downturns in the economy.	While these can cause a short-term decrease in demand for air travel, unforeseen world and local events remain key drivers for opportunities to charter.	Both the Charter and Consulting & Training's Emergency Planning Divisions work closely with government and non-government organisations and freight forwarders to transport aid, equipment and personnel at short notice. We are a 24 hour business with the resources in place to execute the smooth handling of high profile, time sensitive requests. To offer some protection against economic disruption, we have successfully diversified our global client base, reducing reliance on any one customer, sector or geography.
The global air charter market continues to be highly fragmented with low barriers to entry.	Competitors are employing a number of tactics to increase their market share from introductory deals right through to tech offerings and aggressive promotion.	Air Partner is a long-term proposition. Our near 60-year heritage demonstrates stability, quality and financial performance in a market where competitors come and go. We remain focused on 'Customer First', providing a market-leading service with experts in our field and a value for money proposition. Our newly upgraded customer relationship management (CRM) system enables us to stay in touch with our customers, supporting the retention and development of our customer relationships.
The pace of growth of the aviation industry, busier skies, more competition, demands for higher fleet utilisation and greater operational capability are occurring against a backdrop of increasing regulation and compliance.	Many operators are choosing to outsource training and consulting to keep abreast of the rapidly changing environment and regulatory pressures.	A constant desire to improve standards and safety underpins the business models of our Consulting & Training companies. The move to a global performance based regulation (PBR) approach provides opportunities to take our services beyond the UK and Europe to Asia, Australia and North America. Our long-term relationships and trusted partner status with civil and defence authorities around the world mean we are well positioned to lead this cultural change.

* Source: The International Air Transport Association (IATA).

Significant progress



Mark Briffa, Chief Executive Officer

“We now move forward fitter and stronger, and well equipped to deliver our long-term growth ambitions.”

Air Partner has reported underlying profit before tax for the year ended 31 January 2019 of £5.8m, in line with the prior year and profit before tax of £3.4m. In a year where we faced considerable challenge, I am pleased with this robust performance. As well as the accounting review, volatility in the aviation sector weighed on results towards the end of the year. However, our strategy to invest in the more stable earnings of the Consulting & Training division has helped to offset some of this volatility, giving me confidence that we are taking the business in the right direction.

Strategy

We are now in the fourth year of implementing our strategy to become a world-class global aviation services group. We aim to grow both organically and through acquisition, investing in our Charter business, while building a more complete portfolio of aviation services to reduce the Group's exposure to the volatility of the charter market and improve overall quality of earnings. This year we were disappointed not to complete

a significant acquisition as a result of the accounting review but we continue to assess opportunities to enhance or extend the services and capabilities we offer our customers.

It is testament to our teams that, despite the challenges we faced in the first half of the year, we have made considerable progress on our organic growth initiatives. We have invested in our teams across new territories and in strong growth markets, and the talent we have attracted has enabled us to continue to grow organically. We have invested to improve our processes and, importantly, on the right people to take our business to the next level. We have upskilled management positions and strengthened the capabilities of our Board.

In June 2018 we announced the opening of a new office in Los Angeles. This has strengthened our US office network, bringing a broader range of services to a growing US customer base and contributing to a third consecutive year of record profits in the region. Having also opened new offices in Houston and Singapore in the current financial year, we have a broad geographic reach with a total of 14 offices globally.

As well as improvements in our core Charter division, we are making solid progress in Consulting & Training. The upskilling of management and investment in business development has driven new business and we have achieved good contract wins with blue-chip customers across the division.

Other strategic initiatives that were delayed as we resolved the accounting issue are now back on track. Amongst them, the Air Partner

brand refresh, originally scheduled for summer 2018, is being launched with this document. This is a milestone moment and represents the next phase in our organic development as we unify the business under the one brand umbrella, bringing our Group closer together to further support teamwork and help capture cross-selling opportunities. The next phase of the brand roll-out will include investment in our new website and intranet which will follow towards the end of the fourth quarter.

As well as growing organically, we aim to broaden our offer in aviation services via targeted acquisitions. According to the International Air Transport Association (IATA), 2018 was the ninth consecutive year of above-trend growth in global passenger demand. As the market has grown, so has our customers' requirements for a broader range of services. Our long-term growth strategy to diversify our portfolio of aviation services is in direct alignment with this growth in demand. Since 2015, we have acquired some strong businesses which have broadened the range of services we offer, extended our customer base and enhanced our international growth potential. We are starting to benefit from the cross-selling opportunities between divisions and geographies that this diversification has presented, as well as the protection that a broader portfolio of services, geographies, sectors and customers affords.

Significant progress

The historic accounting issue discovered in April 2018 and the resultant review completed in June 2018 were a set-back for our Group. However, throughout this

period, our focus remained on delivering an outstanding service to our customers. We have made significant progress over the past 12 months, taking decisive and immediate action on the key learnings from the review. We have made changes to the overall control environment in terms of the way we manage our business, upskilled key positions and improved financial controls.

I am deeply thankful to our teams and operational leadership which continued to put our customers first throughout the period and, in turn, for the support that we received from our customers and shareholders. We recognise that we are on a journey to rebuild confidence and trust with all our shareholders, but we believe the actions we have taken have helped to reset the business and we now move forward fitter and stronger, and well equipped to deliver our long-term growth ambitions.

“We have invested to improve our processes and, importantly, on the right people to take our business to the next level.”

Our people

I have said many times before that it is our people that drive this business. How we engage with all our teams across the Group is important to me, more so now than ever as we continue to grow globally. We have this year introduced regular 'Town Hall' meetings, which I host in conjunction with other members of our Operating Board. These complement our programme of CEO lunches that we hold regularly across the Group. I am consistently impressed with the calibre of people we have in the business and that we are bringing on board and would like to take this opportunity to thank all our people for their dedication and focus. It is largely down to the strong relationships that our teams have built and maintained that we could rely on such enduring customer support over this last year.

Outlook

In summary, our long-term growth strategy is progressing well and proving effective. There is still a lot to do but the key elements are aligned; we have a well-invested business, great people and a solid global customer base. We have learnt from the challenging events of the first half of the year and have made significant progress in addressing the issues highlighted. As a result of the actions we have taken and the investments we have made in our business, we move forward with greater confidence and a stronger foundation. We will continue to invest for the future in

the long-term interests of all our stakeholders, in our teams in all regions, in infrastructure and in processes. We continue to assess investment opportunities, both organic and through acquisition, to enhance or extend the service and capabilities we offer our customers, which will ultimately strengthen and advance our business.

For the remainder of the year, we expect macroeconomic uncertainties to persist. Amongst them is the still unclear outcome of Brexit. While Brexit does present some challenges for Air Partner, it also offers potential opportunities. Within Charter, only a small percentage of our current business would be impacted by any change in permissions to fly. The strong relationships we have across airline operators will enable us to source alternative carriers and continue to charter the aircraft which best meets our clients' needs. Within Consulting & Training, changes to rules and regulations tend to create business for us; providing the Group with a balance of opportunity against any perceived risks. Current trading is slightly ahead of the prior year.

As we always state, the global charter business has consistently been, and will continue to be, a volatile industry. Against this backdrop we manage the business for the long term, with a very clear strategy of alignment to the needs of our global customer base. We have a strong portfolio of global aviation services which provides us with opportunities to

address various sectors and geographies. Our portfolio approach, without any single product or market dominance, often enables us to mitigate volatility, in either direction, in any one market or product line over the course of a year.

Aviation can be both challenging and exciting, but we have never been more aligned to our customers in our near 60-year history than today. Our clear long-term strategy is delivering results and opportunity. We have this year withstood an unwelcome, turbulent and costly event, but we look forward with an exciting strategic outlook and compelling growth plans.



Mark Briffa
Chief Executive Officer

9 May 2019



Making good progress

We have a clear, long-term strategy to become a world-class, global aviation services group, closely aligned to the needs of our global client base. Our purpose, to deliver the extraordinary, is integral to this strategy, embodying our dedication to going further for each other and our customers. It is supported by a culture committed to customer centricity, strong governance, our great people and shareholder returns. To achieve our objective, we have five strategic priorities:

1. Putting our customers first

Customer service is part of our DNA. Putting customers at the heart of every decision we make enables us to provide a consistently exceptional, tailored service across the Group. To reflect the importance we place on delivering outstanding customer service and to honour the significant work in this area promoted by our late Chair, Peter Saunders, we have this year launched the Peter Saunders Annual Award for Customer Service.

More information:
See case study on page 7

Progress in the year

- ▶ The global Group roll-out of our customer relationship management (CRM) system upgrade is well advanced. This will enable even greater communication with our customers, providing them with the exceptional service they expect from us while also promoting the Group-wide cross-selling of our products and services.
- ▶ Our experienced and dedicated teams have delivered another year of outstanding customer service to our many customers around the world. See our case study on page 28 for just one example of the many occasions on which we have cared deeply to help our clients.

Net Promoter Score

86% (2018: 79%)

2. Growing organically: strengthening our core business

We will continue to strengthen our core Charter business, growing organically by investing in sales teams, training, infrastructure and technology, processes and controls.

Progress in the year

- ▶ In June, we strengthened our existing US network with the opening of our Los Angeles office.
- ▶ We have continued to recruit in key areas of the business, notably in the US, Private Jets and Freight, attracting great people from our competitors and further afield.
- ▶ We have successfully launched our Freight business in the US, exceeding even our own expectations.

Freight contribution to Group gross profit

13.8% (2018: 9.7%)

3. Broadening our offer

To provide a more complete portfolio of aviation services, reducing the Group's exposure to charter market volatility and improving the overall quality of our earnings.

Progress in the year

- ▶ While we have made no acquisitions over this financial year, prior year acquisitions have performed well. Gross profit of the Consulting & Training division was up 25.0% year on year, taking its contribution to total Group gross profit to 11.9%.
- ▶ We continue to review acquisition opportunities of all sizes and remain selective in our approach, assessing each acquisition not only for product, capability and customers, but also for a strong financial track record, future returns and, importantly, for its cultural fit and people.
- ▶ We have created efficiencies by integrating the shared services within our Consulting & Training division.

Consulting & Training contribution to Group gross profit

11.9% (2018: 9.7%)

4. Developing and retaining our people

Air Partner is a people business. We are committed to recruiting and training the best people to join our already strong and customer-focused teams, empowering our colleagues to live our values and to fulfil their potential.

Progress in the year

- ▶ We launched a three-year Group people strategy and Human Resources (HR) purpose: to engage, enable and grow our leaders and managers to enable their teams to be extraordinary. As part of this strategy we have invested in the HR team itself to fully support the business.
- ▶ 75% of our people, across all roles and locations, took part in our Pulse Survey. We acted on feedback on communications, further engagement, reward and recognition. One such change was the introduction of quarterly 'Town Halls' led by Mark Briffa and the Operating Board, providing an opportunity to engage with all of our colleagues across the Group and to ensure a consistent message.
- ▶ We operate internationally with a truly diverse workforce. To continue to build our business with a wide range of skills, abilities, beliefs and views, we are running sessions called 'Leading in tomorrow's world of work: differences build strength; build strength in difference'.
- ▶ We continue to invest in learning and development and have this year launched the Air Partner e-learning portal to deliver training and development initiatives across the Air Partner Group.

Engagement

69% (2018: 69%)

5. Maintaining and enhancing our brand identity

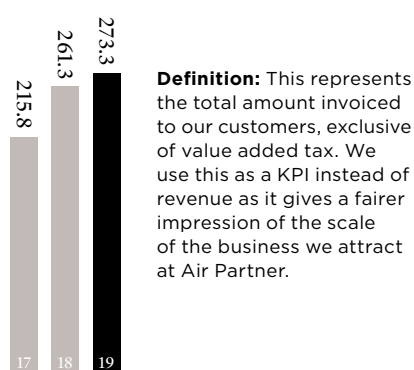
While our services reach from aircraft charter to aviation safety consulting, our brand's purpose, vision and values unite us. This is why it is important to build a single brand that demonstrates our commitment to servicing our customers and signposts the diverse service offering within our group of businesses.

Progress in the year

- ▶ The hard work and team collaboration exercised over this last year has culminated in the launch, with this report, of our new brand, uniting our varied business units into one clear identity system.
- ▶ **Our purpose:** We deliver the extraordinary to fly our world.
- ▶ **Our vision:** To be a world-class aviation services group.
- ▶ **Our mission:** By putting our customers first, we create the difference.
- ▶ **Our values:** Care deeply, take responsibility, live your passion, work as one, be extraordinary.

Tracking our progress

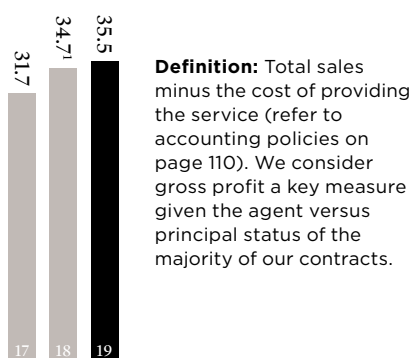
We monitor a range of financial and strategic indicators that reflect the underlying strength of our business and help to measure progress against our strategy.



Definition: This represents the total amount invoiced to our customers, exclusive of value added tax. We use this as a KPI instead of revenue as it gives a fairer impression of the scale of the business we attract at Air Partner.

Gross transaction value (GTV)

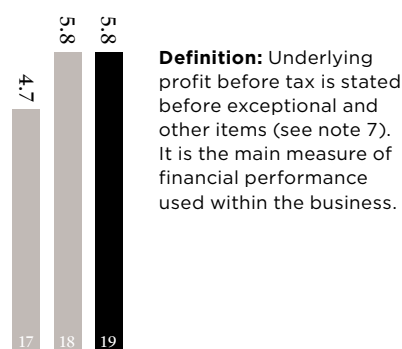
£273.3m



Definition: Total sales minus the cost of providing the service (refer to accounting policies on page 110). We consider gross profit a key measure given the agent versus principal status of the majority of our contracts.

Gross profit¹

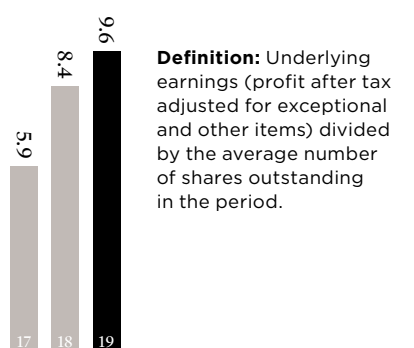
£35.5m



Definition: Underlying profit before tax is stated before exceptional and other items (see note 7). It is the main measure of financial performance used within the business.

Underlying profit before tax

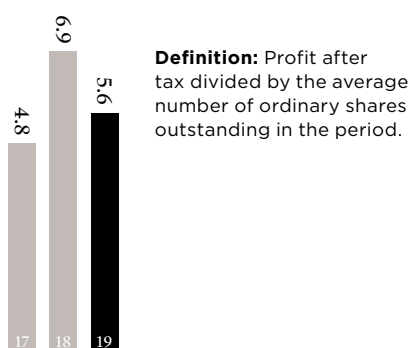
£5.8m



Definition: Underlying earnings (profit after tax adjusted for exceptional and other items) divided by the average number of shares outstanding in the period.

Underlying basic earnings per share

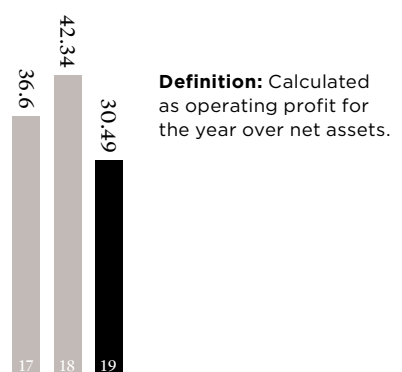
9.6p



Definition: Profit after tax divided by the average number of ordinary shares outstanding in the period.

Basic earnings per share

5.6p

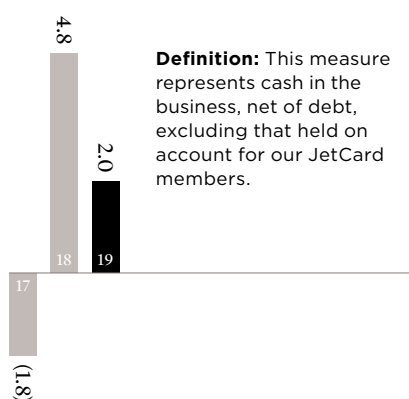


Definition: Calculated as operating profit for the year over net assets.

Return on equity

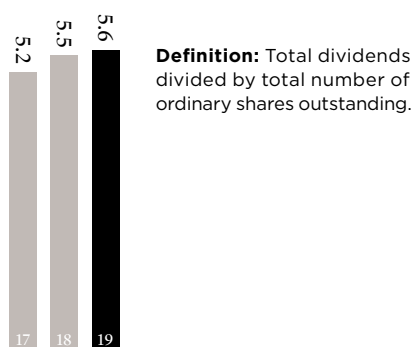
30.49%

1. 2018 gross profit has been restated, please refer to note 37 in the accounts.



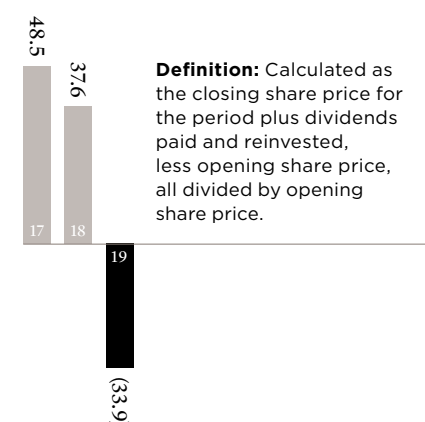
Cash (excluding JetCard)

£2.0m



Dividends per share

5.6p



Total shareholder return

(33.9)%

Strategic key performance indicators

We are on a journey of transformation to become a world-class global aviation services group. We use the following indicators to measure our progress against this strategy. Each KPI relates to one or more of our strategic priorities.

Customers and brand

Net promoter score

Calculated by subtracting the percentage of customers who are detractors (those who score the Group's service 0–6 out of 10) from those who are promoters (score the Group's service 9 or more out of 10).

86% (2018: 79%)

Strengthening our core

Increase in gross profit in our Charter business

This measure illustrates the performance of our Charter division. 2018 was boosted by a significant one-off contract.

0% (2018: 22.8%)

Broadening our offer

Acquisition contribution to underlying operating profit

This measure demonstrates the contribution to profits arising from our strategy of introducing new service and product lines to our customers via our newly acquired businesses.

7.8% (2018: 7.8%)

Developing and retaining our people

Employee turnover

Calculated as the percentage of employees who leave the Group during the financial year and are replaced by new employees.

28.4% (2018: 22.0%)

Engagement

Measurement of employee positivity in response to a group of key questions on employee advocacy and overall satisfaction.

69% (2018: 69%)

Charter

Charter gross profit

£31.3m

Charter underlying
operating profit

£7.5m

Charter

Our Charter division has benefited from another record profit performance in the US and in Freight, up 30.2% and 45.3% respectively, driven by the investments we have made in people and the broadening of our footprint in the region. The US delivered its best performance since we entered the region over 20 years ago. The opening of our office in Los Angeles in June has enabled us to support an enlarged US customer base with a broader range of Charter services. The successful introduction of a Freight team in Fort Lauderdale has pushed Group Freight gross profit and customer numbers to their highest ever level.

Despite the tough comparative of last year's significant one-off contract, the Commercial Jets team delivered similar levels of operating profit to the prior year, demonstrating good underlying growth. While Private Jets in the US performed well, at a Group level Private Jets was broadly flat year on year, as the UK and Europe were impacted towards the end of the year by volatility in the sector, as well as client-specific reductions in flying. Charter gross profit for the year ended 31 January 2019 was therefore in line with the prior year at £31.3m (FY18: £31.3m), with underlying operating profit of £7.5m (FY18: £6.7m).

Commercial Jets

Commercial Jets saw strong underlying growth across all territories. In the UK and Europe, Tour Operations again performed well, contributing to strong results in the UK, France and Austria, and we are encouraged by our forward visibility. In Sports, we benefited from the FIFA World Cup in Russia in the first half and from other football-related flying where pre and post-season tours to long haul destinations have become increasingly popular. An area we are also seeing some success in growing within Charter is managed services. Commercial Jets has been awarded a three-year managed services contract by Airbus, the global leader in aeronautics, space and related services, to manage all operational and contractual requirements for Airbus' corporate shuttle flights, which are a vital link for the company's employees and contractors moving between Airbus factories. Post year end we have also been appointed by Aurigny, the flag carrier airline of the Bailiwick of Guernsey, to manage its operations control centre in Alderney.

Across Europe a focus on sales and business development is having a positive impact. We have developed key contributing relationships and a strong reputation for delivery in the Travel, Government, Conferences and Exhibitions sectors.

Delivering the extraordinary

When our customers need us

In July 2018, following the earthquake on Indonesia's Lombok island, Air Partner was called upon by a key JetCard client to fly his daughter and her partner to safety.

Our team of experts worked around the clock to arrange immediate transport from Lombok to Singapore. Using its experience and extensive network, our team was able to locate a suitable Learjet 60, as well as secure the necessary private flight permits in just 24 hours, instead of the usual two to three days. Our local representation arranged with the British High Commission an option for him to collect emergency travel documents and hand deliver them to Lombok. When authorities closed Lombok airport to non-scheduled traffic, our team used its local contacts to arrange a helicopter to Bali instead, at extremely short notice. From Bali, the couple were flown directly to Singapore.

Being caught up in a natural disaster is a terrifying ordeal. Getting our client's daughter and her partner off the ground as quickly as possible was our number one priority. The team worked 24/7 to find the best possible solution to get them to safety.

"I am extremely grateful to the Air Partner team for acting so quickly to get my daughter and her boyfriend out of Indonesia. I never imagined I would have to use my JetCard under such circumstances and I could not be more relieved that this journey was made possible."

John Roberts, JetCard Member

Charter *continued*

Commercial Jets *continued*

In the US, while we benefited from some significant one-off business related to typhoons, the underlying activity in all sectors continued to strengthen, providing a platform for ongoing sustainable growth.

Good team work and cross-selling between territories and divisions have enabled us to provide outstanding customer service to our many clients around the world and contributed to the record results achieved in the US. Cross-selling opportunities were identified and achieved between our Commercial and Private Jet and Freight teams, with almost half of Commercial Jets' gross profit resulting from cross-selling.

Air Partner Remarketing has concluded the sale of the last B777-200ER for Kenya Airways and an ATR72 for Investec Bank plc. The team also signed up and concluded the sale of three B737-500s on behalf of Air Baltic and has several exclusive mandates in progress with sales expected to conclude during the current financial year.

Overall, Commercial Jets' gross profit was down year on year at £15.9m (FY18: £17.3m), due to the significant, one-off contract in the prior year. Commercial Jets contributes 44.9% to Group gross profit.

Private Jets

In Private Jets, gross profit was broadly flat year on year at £10.4m (FY18: £10.6m). Overall, Private Jets contributes 29.3% to Group gross profit.

In the UK, we have invested in new sales teams from which we expect to see the benefit in this current year. However, we saw an increasing impact from volatility in the sector as the year progressed. Gross profit was, as a result, below expectations. In addition, we saw utilisation levels reduce, due to the unusually hot weather in the UK, and some clients reducing their flying plans in both the UK and Europe. Despite this, the number of active JetCards in Europe and the UK rose and we saw record deposits in the UK. This confidence from both existing and new members positions us well for a stronger performance in the current financial year.

We have seen continued strength in the US where Private Jets grew gross profit, increased JetCard membership and saw bookings and renewals rise significantly.

Freight

Despite freight being a volatile sector with most bookings made on an ad-hoc basis, we have delivered a second year of record profits with good business wins and team growth across our office network. This year, client requirements have ranged from transporting a small box via our growing on-board courier service to

chartering the largest aircraft in the world, the An-225. Our service offering spans diverse sectors including automotive, aid, aerospace and energy, providing some protection from a downturn in any one.

We continued to selectively invest in people across our regional offices, establishing a new team in the US, with immediate success, and expanding our team in Turkey. We won sizeable mandates from a variety of new and existing clients across the Group. In the US, we flew around 30 charters carrying humanitarian aid to Guam and Saipan during their typhoon season. We transported construction materials to West Africa, arranged through the Turkey office, and the UK benefited from its work supporting airlines in their aircraft on ground (AOG) recovery, as well as Government flying. Our German office has continued to see high levels of activity from the automotive sector and delivered its 11th consecutive year of growth. Freight gross profit for the year was up 45.3% to £4.9m (FY18: £3.4m). Freight contributes 13.8% to Group gross profit.

Delivering the extraordinary

Extraordinary cargo

Our Freight teams pride themselves on their ability to handle every kind of cargo, however sensitive or valuable. So in 2018, we were delighted to play a role in the Born Free Foundation's mission to return a captive lion to the wild.

The lion cub, 'King', was first discovered in a Paris apartment, where he had been kept illegally as an exotic pet. The Born Free Foundation found a new home for him in a private game reserve in South Africa. Air Partner was tasked with transporting King from Johannesburg to Port Elizabeth.

Our Freight team was on hand at all times to assist with the complex customs clearing process in Johannesburg and ensure a smooth transition from King's initial commercial flight to the chartered Beech 1900. The turboprop was chosen for its suitable cargo size which allowed two vets to travel alongside the lion. Ensuring the safe loading and unloading of King was paramount, as was his health and welfare.

"We were delighted that Air Partner was able to help us with this part of King's life-changing journey. King is already settling into his new home, exploring his new surroundings and intrigued by all the new sights and smells around him."

Maggie Balaskas, Animal Rescue and Care Manager at the Born Free Foundation



Consulting & Training

Consulting & Training
gross profit

£4.2m

Consulting & Training
underlying operating profit

£0.6m

Consulting & Training

Our Consulting & Training division has performed well over the year with gross profit up 25.0% at £4.2m (FY18: £3.4m). Underlying* operating profit was up 14.3% to £0.6m (FY18: £0.6m). Consulting & Training now contributes 11.9% to Group gross profit. We have benefited from investments we have made in the division which have helped to grow new business and highlight cross-selling opportunities.

Baines Simmons

Since its acquisition in 2015, we have worked hard to integrate and progress Baines Simmons, and we are now seeing good results from the changes we have made. We have invested in business development and in strong management with Ian Holder, Principal Consultant and former military and civil pilot, appointed as Managing Director in April 2018. Ian has led the formulation of the Baines Simmons growth strategy, given the team clear direction and laid a strong foundation for further growth.

As a result, Baines Simmons has had another good year. The Training Academy has performed particularly well, fuelled by a coordinated strategy between departments. We saw some of the most successful periods for training in the business' history during the second half and this momentum is continuing in the current financial year.

Over the year, we have won business from both new and existing customers. We continue to work with civilian and military regulators across the world, both training their personnel and supporting regulatory development. The contract with the UK Ministry of Defence to deliver an effective safety training programme, secured at the end of the last financial year, is now well established and we have had considerable success in supporting the RAF of Oman with a programme to redevelop its military regulation. These contracts are both expected to continue for at least a further three years.

We have also won new contracts with several European international government organisations and a number of European airlines have requested further work in Safety Management Diagnostics. In addition, we are increasingly working with Ground Operations globally to develop world-class management systems appropriate to the developing ground handling market.

Cross-selling opportunities between our Consulting & Training and Charter divisions are increasing and a pipeline is crystallising. We are providing good leads to our Charter colleagues, which have resulted in them securing new contracts wins. For example, work we carried out for a Formula 1 manufacturer has helped to secure the team as a new client for Commercial Jets in the UK.

* Underlying operating profit is stated before exceptional and other items.

Additionally, the inclusion of Consulting & Training within the Group has served as an important differentiator. We are also beginning to see opportunities arise from Charter clients within Baines Simmons and discussions are ongoing which offer the potential for both domestic and international growth.

Clockwork Research

While small, Clockwork Research complements our Baines Simmons business and we now offer Fatigue Risk Management as part of the Baines Simmons portfolio of services. Working with Southwest Airlines and NASA, Clockwork Research co-authored industry guidance on controlled rest on the flight deck, and earlier in the year successfully undertook a safety case for Air France. The team also carried out further work with Jet2.com, this year undertaking an organisation-wide Safety Culture Survey.

SafeSkys

SafeSkys, acquired in September 2017, is a provider of Wildlife Management and Air Traffic Control (ATC) services to UK and international airports. Integration of the business into the Baines Simmons offer is now well advanced.

Within ATC, post-acquisition, two loss-making contracts were identified, for which a provision of £0.7m has been recognised on the opening balance sheet. Our team is working through the contracts to address issues and take remedial actions. Within Wildlife Management, the division has built a strong market position in the UK where we hold multi-year contracts with the Royal Air Force (RAF) and airports nationally. During the year we have won new and extended existing contracts. Our majority share of turnkey RAF flying stations was

reinforced through the securing of the Western region for a further minimum of three years. The team has also won contracts to support foreign governments' air forces at strategic transport and training stations within Europe, and we're making meaningful and exciting advances into the training and consultancy markets.





Delivering the extraordinary

Driving cultural change to put safety at the heart of organisations

Our Consulting & Training business, Baines Simmons, is proud to be working with Leonardo Helicopters UK, one of the biggest suppliers of defence equipment to the UK Ministry of Defence, helping it to develop and achieve its safety vision and embedding world-class safety performance.

Leonardo's customers operate in some of the world's most extreme and challenging environments. Working in partnership, we are supporting a tailored programme that ensures the business keeps itself at the cutting edge of safety management and that it embeds the thinking right at the heart of its operation to empower each and every member to make a difference.

Through a series of workshops over 2018, more than 3,000 employees and contractors across the business were engaged and challenged in thinking towards a more holistic approach to safety, understanding their role in the whole system. The programme has had tangible effects on both products and programmes and has allowed the teams to focus on key design decisions and making safer products. Embedding a world-class safety culture has been an integral part of Leonardo's business transformation.

“It has been a true joint effort, with Baines Simmons determined to leave us in a wholly different place to when we started. It is fair to say that from our perspective Baines Simmons has become a trusted adviser and has truly delivered.”

Richard Folkes, Head of Aviation Safety Management for Leonardo Helicopters UK

Strengthening our position

“We are on a road to recovery and are making good progress.”



Joanne Estell, Chief Financial Officer

I was delighted to accept the role as Chief Financial Officer for Air Partner. I believe in the Company's strategy and I am very much looking forward to working with Mark, the Board and the rest of the Air Partner team to deliver value to our shareholders.

As part of my new role, I have undertaken an assessment of the Company's key processes and controls and visited a number of locations. This has enabled me to appreciate the operating business model, its principal risks and the overall financial control environment.

It is against this background I have been able to understand the consequence of Air Partner's accounting review in April 2018, which was widely reported at the time and dealt with in the FY18 financial statements. I recognise it has been a challenging period in the Company's history and one of my key priorities since joining Air Partner has been to address the matters arising.

As part of the accounting review, with the help of external advisers, the Company undertook a deep dive of the Company's systems, people and processes, and developed a comprehensive work plan to improve the overall internal controls. I am pleased to report we have made

good progress against this work plan and implemented the following changes in the year:

- ▶ Upgraded and upskilled key members of the finance and head office team.
- ▶ Individual roles and responsibility have been reviewed, reducing the dependency on one person and removing 'single points of failure'.
- ▶ A new Risk and Assurance role has been created, reporting directly to me with a direct line to the Chair of the Audit and Risk Committee.
- ▶ We have tightened the balance sheet control and review process and improved the quality and frequency of management information.
- ▶ A number of key policies and procedures have been implemented and we have increased the level of training in the organisation.

In summary, I believe we are on a road to recovery and are making good progress. We have improved the control environment and, importantly, put in place processes to continually review and challenge these arrangements.

GTV and revenue

Gross Transaction Value (GTV) of £273.3m (FY18: £261.3m) was up 4.6%. GTV represents the total value invoiced to clients and is stated exclusive of value added tax. Revenue of £77.5m (FY18: £74.3m) increased by 4.2% year on year. It is noted here that we have had a change in presentation and quantum of overall revenues recognised in FY18 and FY19 following the first-time adoption of IFRS 15 and misstatements in the prior year; refer to note 37.

Gross profit

Air Partner primarily uses gross profit as its key indicator of business performance. This is due to the potential for revenue, as determined under IFRS, to fluctuate depending on the number of contracts enacted in the year where the Company acts as principal as opposed to an agent. Gross profit was £35.5m (FY18: £34.7m¹), an increase of 2.3% on the prior year. This includes the full year impact of the SafeSkys acquisition, which was made in September 2017. On a comparative basis, adjusting for constant exchange rates and the acquisition of SafeSkys, gross profit improved by 2.1%.

At a divisional level, the gross profit of the Charter division was flat year on year at £31.3m (FY18: £31.3m) with the prior year comparative heavily supported by a significant one-off contract in Commercial Jets. As a result of investing in new offices and attracting key talent we had stronger performance in the year from the US with growth of 30.2% in gross profit, and in the Freight division, which increased gross profit by 45.3% year on year.

Consulting & Training gross profit of £4.2m (FY18: £3.4m) increased by 25.0% year on year given the full year effect of the SafeSkys

acquisition. On a comparative basis Consulting & Training grew gross profits by 14.9% driven by a strong performance in Baines Simmons. Further details of which can be found in the Divisional Reviews sections on pages 26 to 27 and the segmental analysis note on pages 111 to 113.

Administrative expenses

Costs included in administrative expenses in the consolidated income statement are the Charter personnel costs, sales and marketing, finance, information systems, human resource management, legal and compliance and other administrative costs.

Underlying administrative costs of £29.0m increased year on year by 1.1%, driven by investments made in back office support to strengthen the overall control environment post the accounting review.

The Group expects to make further investments in administrative expenses as we continue to improve the overall control environment and pursue our growth plans to grow organically across new territories. The cost benefit of which will be assessed at the time before commitments are made.

Net impairment losses on financial assets of £0.4m (FY18: £0.1m), relate to the first time adoption of IFRS 9. Refer to note 37.

Finance costs

The net interest charge for the year was £0.2m (FY18: £0.1m). The charge increased in the period as an additional £3.0m of debt was called down from the revolving credit facility (RCF) in September 2018 to support the growth we are experiencing in the Freight division.

Underlying profit before tax

The above results translated to an underlying profit before tax of

£5.8m, in line with the prior year (FY18: £5.8m). Underlying profit before tax is stated before exceptional and other items.

Exceptional and other items

As expected, post the accounting review process, the results have been affected by a number of one-off exceptional items. Exceptional items are excluded from underlying performance measures by virtue of their size and nature, in order to better reflect management's view of the performance of the Group. In the year under review, the net effect of exceptional and other items on operating profit was £2.4m (FY18: £1.0m).

Exceptional and other items excluded from the underlying profits comprise £1.3m relating to the cost of the accounting review process, £0.5m of abortive acquisition fees, £0.4m of costs relating to the change of Board composition, and £0.4m of amortisation of acquired intangibles. These items have been partially offset by the release of deferred consideration relating to the Clockwork Research acquisition of £0.2m. The table on page 31 sets out the position.

Statutory reported profit before tax

After the exceptional items, statutory reported profit before tax was £3.4m down by 29.1% on the prior year (FY18: £4.8m).

Taxation

The Group seeks to manage the cost of taxation in a responsible manner to enhance its competitive position on a global basis while managing its relationships with tax authorities on the basis of full disclosure and legal compliance.

The underlying tax charge² for FY19 of £0.5m (FY18: £1.2m) represents an effective rate of 8.3% (FY18: 20.3%)

1 2018 gross profit has been restated please refer to note 37.

2 Adjusting for exceptional and other items.

Exceptional and other items

Year ended 31 January 2019	2019 £m	2018 £m
Underlying profit before tax	5.8	5.8
Costs related to the accounting review and associated items	(1.3)	—
Abortive acquisition costs	(0.5)	(0.3)
Changes in board composition	(0.4)	—
Amortisation of purchased intangibles	(0.4)	(0.3)
Acquisition and non-cash acquisition costs	—	(0.1)
Restructuring costs	—	(0.3)
Release of deferred consideration	0.2	—
Statutory reported profit before tax (£m)	3.4	4.8

on the underlying profits before tax. On a statutory reported profit basis, the effective rate of taxation was 14.4% (FY18: 24.7%). This was lower than the prior year as HMRC confirmed an overpayment of a tax relief claim, relating to the accounting review of £0.4m, was allowable.

A rate of 25.0% is expected in the year ending 31 January 2020 given the Group's expected increase in profits from the US.

Earnings per share

Basic underlying earnings per share from continuing operations was 9.6p (FY18: 8.4p) up 14.3% on the prior year. On a statutory basis earnings per share from continuing operations was 5.6p (FY18: 6.9p) down by 18.8%, with FY18 affected by the level of exceptional items in the year.

Dividends

Following the accounting review process, the Directors have considered the available headroom from distributable reserves to pay dividends and can confirm there is sufficient headroom to meet the proposed final dividend.

Air Partner's stated dividend policy targets cover of between 1.5 and 2.0-times underlying earnings per share.

As a result, the Directors are proposing a final dividend of 3.85p (FY18: 3.80p). Taken with the interim dividend of 1.75p (FY18: 1.70p) this would bring the total dividend for the year to 5.60p per ordinary share (FY18: 5.50p), an increase of 1.8%.

The final dividend is expected to be paid on 4 July 2019 to shareholders on the Company register at the close of business on 7 June 2019. The ex-dividend date will be 6 June 2019.

Statement of financial position Shareholders' funds

After considering the profit for the year, dividend payments and exchange rate differences, overall shareholders' funds have remained in line with the prior year at £11.7m (FY18: £11.4m).

Goodwill and intangibles

Under IFRS, goodwill is subject to annual impairment tests. There were no impairments identified in the year. Goodwill in the Statement of Financial Position is carried at £6.8m (FY18: £6.8m). Intangible assets arising from business combinations are assessed at the time of acquisition in accordance with IFRS 3 and are amortised over their expected useful life. This amortisation is excluded from underlying profits.

During the course of the year, the provisional fair values recorded on the acquisition of SafeSkys Limited were revisited and adjusted as appropriate. Further details of which can be found in note 31.

Other intangible assets comprise software development costs. In the year we spent £0.4m on rolling out the Customer Relationship Management (CRM) system and a new booking tool for the Charter division.

Other balances

Movements in other balances within the Statement of Financial Position reflect the trading results of the period.

The Group has property, plant and equipment totalling £0.9m (FY18: £1.2m). Capital expenditure in the year was £0.1m (FY18: £0.4m).

In terms of material working capital movements, deferred income and JetCard deposits increased by £1.1m. £1.8m of this related to JetCard deposits, offset by a reduction in deferred income. Trade and receivables increased by £2.7m driven by an increase in prepayments to suppliers in Europe for our key customer programmes.

Cash generation and net debt

Operating cash from trading activities after investment in capital expenditure and software was £2.7m. Given the level of exceptional items in the year operating cash in real terms did not increase (excluding JetCard movements). Non-JetCard cash in the bank was £7.5m versus £7.3m in the prior year.

Cash generation and net debt *continued*

Net cash (cash offset by bank debt) was £2.0m (FY18: £4.8m). The level of debt has increased in the business to support the growth in the Freight division, where we can have some sizeable contracts at relatively short notice for various government agencies. An important element of winning this business is the ability to mobilise fast and secure the supply base ahead of the competition.

Bank facilities

The Group had total debt facilities with NatWest of £9.0m. £7.5m of this is a revolving credit facility and was drawn down by £5.5m at the 31 January 2019 (FY18: £2.5m). This facility has been used to fund past acquisitions and the working capital needs of the business. This is repayable in February 2021 with no formal repayment schedule prior to that date. To support short-term liquidity, the Group has access to a £1.5m overdraft facility. This was not utilised at the 31 January 2019. The Group has complied with all the financial covenants relating to these facilities.

Exchange rates

The results of overseas operations are translated into Sterling at average exchange rates. The net assets are translated at period-end rates. The principle exchange rates, expressed in terms of the value of sterling, are shown in the following table.

Accounting policies and recent accounting developments

The accounts in this report are prepared under IFRS, as adopted by the European Union (EU). The accounting policies used in preparing these accounts are set out on pages 101 to 111.

A number of new standards and amendments to standards and interpretations have been adopted retrospectively in preparing the accounts: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The effect of these changes is captured in the detailed notes to the accounts.

In respect to IFRS 16 Leases, the standard now requires all material lease liabilities and corresponding 'right to use' assets to be recognised in the Statement of Financial Position. We have undertaken an initial assessment of the impact, which will come into effect for next year's accounts. Based on the Group's provisional estimates, it anticipates that it will recognise additional right of use assets of approximately £2.7m at 31 January 2019 and additional lease creditor of approximately £2.8m with a reduction in retained earnings of £0.1m. Refer to note 2a.

Reflecting on the learnings from the past year, we have taken the opportunity to have a fresh look at the presentation of the accounts and the corresponding notes. This has been done to provide greater clarity and transparency on how the Group reports its results and balances.

We have made several improvements and enhancements to provide the reader with greater clarity and insight. The overall effect of this change has been captured in note 2 and 37.

Treasury and risk management Foreign currency effects

Where possible, the Group uses natural hedges to minimise its foreign exchange exposure, for example matching JetCard deposits denominated in Euros or US Dollars with the respective liability. In addition, the Group uses derivatives to hedge certain transactions in accordance with its internal policies.

Financial risks

The main financial risks faced by the Group are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Directors regularly review and agree policies for managing these risks.

	Average rates		Period-end rates	
	31 January 2019	31 January 2018	31 January 2019	31 January 2018
USD	1.32	1.29 USD weakened by 2.3%	1.31	1.42 USD strengthened by 7.7%
EUR	1.13	1.14 EUR strengthened by 0.9%	1.13	1.14 EUR strengthened by 0.9%

Credit risk is managed by monitoring limits and payment performance of counterparties. The Directors consider the level of general credit risk in current market conditions to be higher than normal. Where a customer is deemed to represent a level of credit risk, terms of trade are modified to limit the Group's exposure.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure.

Interest rate risk is managed by holding a mixture of cash and borrowings in Sterling, US Dollar and Euro at fixed and floating rates of interest.

Liquidity risk is managed by the Group having access to an RCF, which can be used for working capital means, and a moderate overdraft facility to provide short-term flexibility.

Going concern

The Group's business activities, together with the factors likely to affect its future performance, are set out on pages 1 to 42 of the Strategic Report and in the section 'Principal Risks and Uncertainties' on pages 35 to 42.

The Directors believe that the Group is well placed to manage its business risks and, after reviewing the Group's current financial position, including factors affecting its cost base, the availability of financing facilities and forecasts for a period of not less than 12 months from the date of approval of these financial statements, the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and that the Company is a going concern.

Financial Reporting Council review letter

In October 2018, the Company received a letter from the Corporate Reporting Review Team (CRRT) of the Financial Reporting Council (FRC) in relation to its regular review and assessment of the quality of corporate reporting in the UK. The letter focused on the balance of the Strategic Report, the disclosures of critical accounting judgements and estimates and the disclosures of other provisions. In addition, the CRRT highlighted areas of improvement in the presentation of the notes to the accounts.

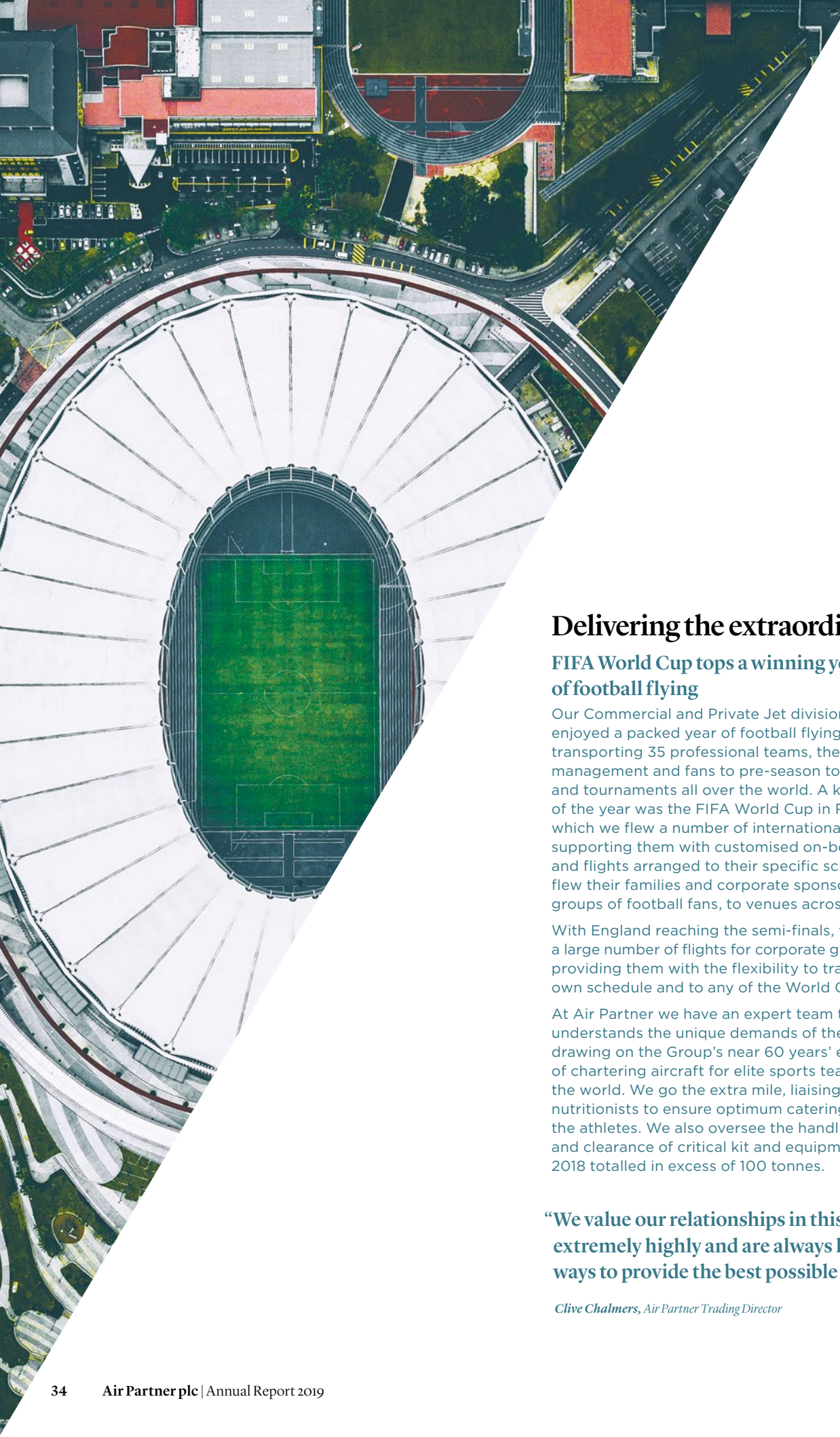
The Directors responded to the CRRT's questions, providing clarifying information that addressed the questions and comments raised. The FRC has confirmed this matter as now closed.

The recommendations from the review have been incorporated into the 2019 financial statements.



Joanne Estell
Chief Financial Officer

9 May 2019



Delivering the extraordinary

FIFA World Cup tops a winning year of football flying

Our Commercial and Private Jet divisions enjoyed a packed year of football flying in 2018, transporting 35 professional teams, their players, management and fans to pre-season tours, friendlies and tournaments all over the world. A key highlight of the year was the FIFA World Cup in Russia, during which we flew a number of international teams, supporting them with customised on-board catering and flights arranged to their specific schedule. We flew their families and corporate sponsors, as well as groups of football fans, to venues across the country.

With England reaching the semi-finals, we organised a large number of flights for corporate groups, providing them with the flexibility to travel to their own schedule and to any of the World Cup host cities.

At Air Partner we have an expert team that understands the unique demands of the industry, drawing on the Group's near 60 years' experience of chartering aircraft for elite sports teams across the world. We go the extra mile, liaising with club nutritionists to ensure optimum catering options for the athletes. We also oversee the handling, unloading and clearance of critical kit and equipment, which in 2018 totalled in excess of 100 tonnes.

“We value our relationships in this industry extremely highly and are always looking for ways to provide the best possible service.”

Clive Chalmers, Air Partner Trading Director

Delivering our business through effective risk management

“Risk is a fact of life for business and it is growing in importance to businesses around the world. It exists in various forms, from potential cybersecurity breaches to possible breaks in the supply chain. Risk cannot be avoided altogether, but it can be managed and mitigated, and a business can prepare for what may be lurking around the corner.”

PwC

One of our priorities for the financial year 2019 has been to reconsider the risks facing our business and to validate the effectiveness of our current internal control framework.

Risk management process

Like many organisations our business involves constant risk management – it is an integral part of day-to-day operations.

To complement the routine management of risks, we have implemented a proportionate and effective Risk Management Framework to ensure all significant risks are identified and treated appropriately on a timely basis.

The process is designed to improve the likelihood of delivering our business objectives, protect the interests of our shareholders and key stakeholders and enhance the quality of our decision making through the awareness of risk-assessed outcomes.

The formal process also supports open communication on risk between the Audit and Risk Committee and the Operating Board.

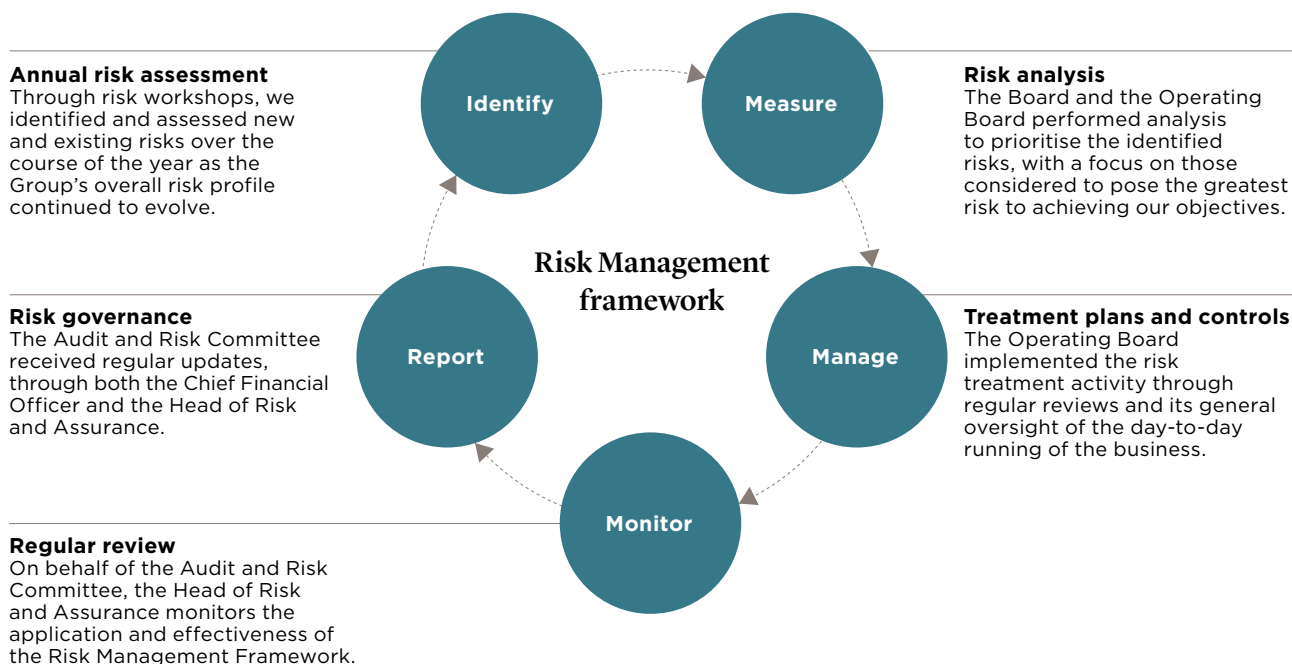
This approach enables us to manage and monitor the risks which threaten successful execution of our strategy and ensures that our strategic, financial and operational risks are appropriately considered by the Audit and Risk Committee and the Operating Board.

“Risk management in business includes the methods and processes used by organisations to manage risks and seize opportunities related to the achievement of their objectives. A framework for risk management typically involves identifying particular events or circumstances relevant to the organisation’s objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring process.”

Risk management framework

The Audit and Risk Committee has oversight of the Risk Management Framework and monitors this on behalf of the Board. The Committee is satisfied that management has put in place a proportionate and effective Risk Management Framework to ensure all significant risks are identified and treated appropriately (further details are depicted in the diagram below).

The Chief Executive Officer (CEO) has overall accountability for the control and management of risk. The individual members of the Operating Board, reporting to the CEO, are accountable for specific risks. During 2018, a new Head of Risk and Assurance was appointed to support this process.



Risk categorisation

We have identified six categories of risk to ensure sufficient focus and clear ownership:



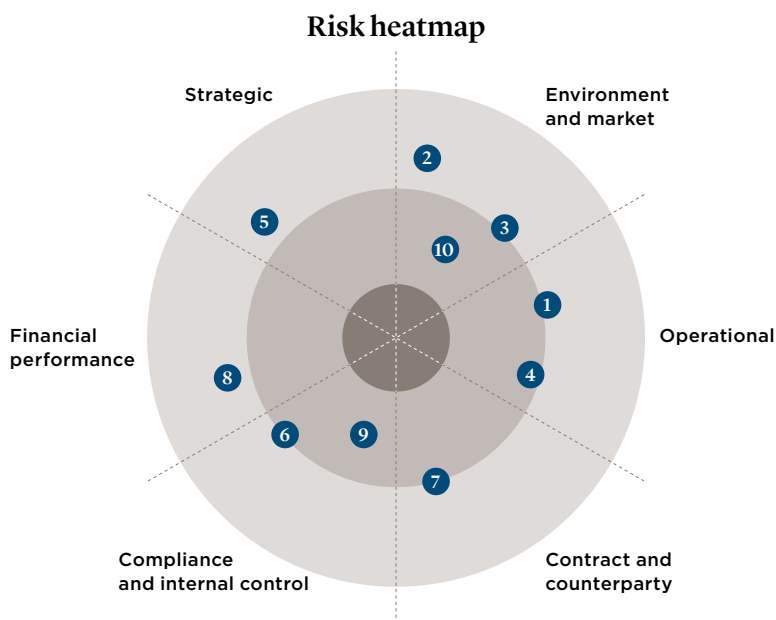
The Group's risk register (i.e. risk mitigation plan) is maintained to record all principal risks and uncertainties identified in each part of the business.

A member of the Operating Board is allocated, as appropriate, as the risk owner for each of the risks identified.

The risk owners call upon the appropriate expertise to conduct an analysis of each risk, according to a defined set of assessment criteria which includes:



- ▶ How does the risk relate to the Group's business model and/or strategy?
- ▶ What is the likelihood of the risk occurring?
- ▶ What is the potential impact were the risk to occur?
- ▶ Would the consequences be over the short, medium or long term?
- ▶ What mitigating actions are available and which are cost effective?
- ▶ What is the degree of residual risk and is it acceptable?

The principal risks facing the organisation, at this present time, are summarised in a heatmap above and provided in more detail on pages 38 to 42.





Risk	Owner
1 Recruitment and retention of staff and talent	Craig Pattison, HR Director
2 Changing market environment	Kevin Macnaughton, MD Charter
3 Market disruption	Kevin Macnaughton, MD Charter
4 IT systems and cybersecurity	Lee Pyle, IT Director
5 Acquisitions and integration	Mark Briffa, CEO
6 Regulatory environment, culture and compliance	Judith Banks, General Counsel and Company Secretary
7 Suppliers and operators	Kevin Macnaughton, MD Charter
8 Financial transactions	Joanne Estell, CFO
9 Effective control environment	Joanne Estell, CFO
10 Brexit	Kevin Macnaughton, MD Charter; Ian Holder, MD Baines Simmons

Principal risks & uncertainties *continued*



Category	Risk description	Impact	Controls/processes to mitigate	Strategy impact
Operational 	Recruitment and retention <ul style="list-style-type: none"> ▶ The challenge of attracting new talent and retaining existing key staff who have in-depth knowledge of the business and industry. ▶ Our people are our competitive advantage especially around sector knowledge, key customer relationships and technical expertise in the aviation industry. 	<ul style="list-style-type: none"> ▶ Inability to attract key talent, restricting the Group's ability to grow revenue and deliver on growth strategy. ▶ Inability to retain key individuals leading to a loss of earnings and key customer/supplier contacts. ▶ The loss of key personnel following acquisitions may impact performance and value. 	<ul style="list-style-type: none"> ▶ Annual performance management reviews using best practice processes. ▶ Remuneration packages evaluated regularly against market trends. ▶ Investment to build a learning organisation with a focus on culture, reward and recognition. ▶ Implementation of the right HR infrastructure. ▶ Talent and succession plan reviews. <p>Owner: Craig Pattison, Group HR Director</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Developing and retaining our people ▶ Growing organically ▶ Broadening our offer
Environment and market 	Changing market environment <ul style="list-style-type: none"> ▶ Forward visibility of 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. 	<ul style="list-style-type: none"> ▶ Limited visibility of future bookings may result in a cost structure that does not align with market conditions. 	<ul style="list-style-type: none"> ▶ We measure customer concentration and ensure we have a well-diversified client base across governments and non-governmental organisations, commercial enterprises and individuals, as well as across geographic regions. This allows for some 'smoothing' when there are seasonal or sectorial changes in demand. ▶ Air Partner actively seeks to grow the forward visibility of its earnings by investing in the growth of its Consulting & Training division. This will help smooth the inevitable peaks and troughs in the Charter division. ▶ We continue to focus on overheads relative to our revenues and take corrective action where necessary. <p>Owner: Kevin Macnaughton, MD Charter</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Maintaining brand value

Change in risk assessment

 No change
  Increased
  Decreased



Category	Risk description	Impact	Controls/processes to mitigate	Strategy impact
Environment and market 	Market disruption <ul style="list-style-type: none"> ▶ The challenge of retaining and expanding customers in a highly competitive environment with low barriers to entry (in Charter). ▶ The risk of falling behind competitors in product development, technology innovation, standards of service or cost effectiveness. 	<ul style="list-style-type: none"> ▶ The Group's ability to maintain and grow revenue could be adversely affected. 	<ul style="list-style-type: none"> ▶ Invest in our Customer First programme to drive customer loyalty and improve retention. ▶ Continue to invest in the roll-out of a new CRM/booking tool to improve the customer experience relative to peers. ▶ Continually review technology innovations in the sector and assess appropriateness to Air Partner. ▶ Actively seek feedback and undertake client surveys to ensure we remain responsive to client demands relative to competitors. ▶ Actively promote the Air Partner brand through promotion campaigns and our dedicated Marketing division. <p>Owner: Kevin Macnaughton, MD Charter</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Growing organically
Operational 	IT systems and cybersecurity <ul style="list-style-type: none"> ▶ Cyber attacks seeking to compromise the confidentiality, integrity and availability of IT systems and the data held on them are an increasing risk. 	<ul style="list-style-type: none"> ▶ Breach of confidentiality and attack on the Company's assets affecting customer service, financial performance and reputation. ▶ Systems failure could result in business interruption and lost revenue. 	<ul style="list-style-type: none"> ▶ The Group uses modern IT systems and ensures that they are well maintained and upgraded to mitigate the risk of failure. ▶ The latest network and security protocols are deployed to protect against attack or loss of data. ▶ The Group has business continuity plans for each of our office locations. Our business resilience is underpinned by our technology and geographical spread, which allow our business to be operated and maintained from any of our locations. ▶ In case of an outage, external contingency arrangements are tested on a regular basis. ▶ The Group has purchased specific cyber insurance to mitigate the impact of any cyber-related losses. <p>Owner: Lee Pyle, Head of IT</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Maintaining brand value

Principal risks & uncertainties *continued*



Category	Risk description	Impact	Controls/processes to mitigate	Strategy impact
Strategic 	Acquisitions and integration <ul style="list-style-type: none"> Our strategy is predicated primarily on organic growth. However, acquisitions are key to our growth strategy. Acquisitions are both a risk and an opportunity. We may invest funds and resources in acquisitions which fail to deliver on expectations due to incorrect due diligence or poor execution post acquisition. This risk has increased over recent years as we actively explore a diversification strategy in aviation services. 	<ul style="list-style-type: none"> Poor acquisitions lead directly to financial damage and indirectly to a loss in shareholder confidence. Financial performance suffers from goodwill or other impairment charges. Newly acquired businesses deliver less value or require more investment than anticipated. 	<ul style="list-style-type: none"> Detailed due diligence undertaken with appropriately skilled personnel, supported internally and externally as required. Negotiate appropriate representations and warranties commensurate with target's size and risk profile. Detailed integration plans drawn up with key accountabilities. Post-acquisition reviews conducted to capture key learnings for future acquisitions. Owner: Mark Briffa, CEO	<ul style="list-style-type: none"> Broadening our offer Maintaining brand value
Compliance and internal controls 	Regulatory environment, ethics and compliance <ul style="list-style-type: none"> The challenge of operating in multiple jurisdictions subject to many different and evolving laws and regulations, including tax and civil aviation authority requirements. We have c.350 employees in a number of countries. Individuals may not all behave in accordance with the Company's values and ethical standards. We operate in markets requiring strict adherence to laws such as: <ul style="list-style-type: none"> bribery and corruption; international trade laws; and General Data Protection Regulation (GDPR). 	<ul style="list-style-type: none"> Non-compliance with regulations could result in loss of customers or damage to the Group's brand. Ethics or compliance breach causes harm to our reputation, financial performance and customer relationships and our ability to attract and retain talent. 	<ul style="list-style-type: none"> The Group has dedicated legal resources supplemented by external support arrangements to ensure the management team fully understands current and future legal and regulatory risk. The compliance aspect of the Group is a regular agenda item at both the Board and Audit and Risk Committee. During the year, actions were taken toward meeting the requirements of the new GDPR which came into force on 25 May 2018. Owner: Judith Banks, General Counsel and Company Secretary	<ul style="list-style-type: none"> Customers Developing and retaining our people Maintaining brand value

Change in risk assessment

 No change  Increased  Decreased

Category	Risk description	Impact	Controls/processes to mitigate	Strategy impact
Contractual and counterparty 	Suppliers and operators <ul style="list-style-type: none"> ▶ Reliance on third parties for delivery of services to end clients. ▶ Operator compliance with relevant regulations. ▶ Financial exposure if clients fail to pay for Charter services after Air Partner has paid the operators in advance of flight take-off, which is custom and practice in the industry. 	<ul style="list-style-type: none"> ▶ Failure of aircraft or operator chartered by Air Partner. ▶ Loss of customers and revenues. ▶ Loss of earnings and cash impact. 	<ul style="list-style-type: none"> ▶ We have an approved list of aircraft that we charter on behalf of our clients, ensuring that the best and most appropriate aircraft is used. ▶ Air Partner's approved list is continually screened, assessed and benchmarked to ensure every aircraft meets all our stringent tests, as well as all third-party requirements and independent assessments. ▶ 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 which wish to trade on credit terms are subject to an external credit verification process before and during business relationship. ▶ Where appropriate, we also aim to use third-party bank guarantees instead of cash deposits. <p>Owner: Kevin Macnaughton, MD Charter</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Maintaining brand value
Financial performance 	Financial transactions <ul style="list-style-type: none"> ▶ There is a foreign exchange risk as we buy and sell goods and services in currencies other than Sterling. Movements in exchange rates can affect these, particularly the US Dollar and Euro rates. ▶ There is a liquidity risk in paying operators before a flight occurs or before payment is received from the client. 	<ul style="list-style-type: none"> ▶ Loss of earnings. 	<ul style="list-style-type: none"> ▶ The Group's policy on foreign currency risk is not to enter into forward contracts until a firm contract has been signed. Furthermore, Air Partner 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's operations. ▶ The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the client has been received. <p>Owner: Joanne Estell, CFO</p>	<ul style="list-style-type: none"> ▶ Customers ▶ Maintaining brand value

Strategic report
Principal risks & uncertainties *continued*

Category	Risk description	Impact	Controls/processes to mitigate	Strategy impact
Compliance and internal controls 	Effective control environment <ul style="list-style-type: none"> Ensuring appropriate and effective controls and risk management frameworks are embedded in our changing business. 	<ul style="list-style-type: none"> Loss of earnings. Brand reputation and trust. 	<ul style="list-style-type: none"> Our Risk Management Framework is overseen by the Audit and Risk Committee; refer to page 36 to understand our process. The key learnings from the recent accounting review are in the process of being adopted and we are where we expected to be at this stage. Controls have been tightened in a number of areas; refer to page 29. Owner: Joanne Estell, CFO	<ul style="list-style-type: none"> Maintaining brand value
Environment and market 	Brexit <ul style="list-style-type: none"> There is uncertainty of the outcome and implications for both the UK and aviation market following the UK's exit from the EU (Brexit). 	<ul style="list-style-type: none"> Financial loss. Business interruption. 	<p>Senior management and the Board regularly consider the potential impact of the UK's withdrawal from the EU.</p> <p>While the full implications and consequences will not be understood and experienced for some time, the Group continues to regularly monitor the markets and economic indicators in which it trades and is experienced in implementing appropriate mitigating actions.</p> <p>The Group has strong relationships with technical specialists and regularly liaises with them to ensure that the Group is well placed to react to legislative or other changes that occur because of Brexit.</p> Owner: Kevin Macnaughton, MD Charter; Ian Holder, MD Baines Simmons	<ul style="list-style-type: none"> Maintaining brand value

Pages 1 to 42 of this Annual Report constitute the Strategic Report. It has been approved and signed on behalf of the Board on 9 May 2019.



Mark Briffa
Chief Executive Officer



Joanne Estell
Chief Financial Officer

Change in risk assessment

 No change  Increased  Decreased

Chair's introduction to governance



Ed Warner, Chair

Dear shareholder

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 31 January 2019. As a Board, we are committed to delivering the highest standard of corporate governance, believing a strong, effective and efficient governance framework to be essential for our long-term success. The accounting review, completed in June 2018, served to renew and strengthen this commitment. We moved swiftly and decisively to address the challenges we faced and to strengthen processes and controls. Throughout we remained focused on our customers and committed to our long-term strategy.

We recognise that, as we move forward with our exciting growth plans, good governance is paramount. It is an essential part of our brand values and something our customers, shareholders, employees and other

stakeholders place considerable value in. Ensuring the effectiveness of the Board as we deliver our governance priorities will be a key focus for me in my first year.

Key governance activities in the year

We continuously review and seek to improve our governance framework and system, and during 2018 several important projects were undertaken. We updated our whistleblowing policy and our Market Abuse Regulation compliance process and we continued our annual process of evaluating Board effectiveness.

Good corporate governance underpins the Company's objectives, strategy and business model, details of which can be found in the Strategic Report on pages 1 to 42. It has been an important year for corporate governance more broadly, with the introduction by the UK Financial Reporting Council (FRC) of the new UK Corporate Governance Code. Although for this year the Company has applied the main principles of the 2016 UK Corporate Governance Code, we will be focusing on the changes carried by the new code for the current financial year.

Board changes

In September 2018, following the death of Peter Saunders, Richard Jackson was appointed Chair of the Board on an interim basis, while a search for a permanent successor took place. I was delighted to take up the role of Chair of the Board on 1 April 2019 and will work alongside Richard, who has resumed his role as Non-executive and Senior

Independent Director. I will also chair the Nomination Committee and have joined the Remuneration Committee.

In September 2018 we welcomed Joanne Estell to the Board as Chief Financial Officer (CFO). Joanne replaced Neil Morris, who resigned as CFO in April 2018. While not a member of the Board, Judith Banks joined us in October 2018 as General Counsel and was appointed Company Secretary in November 2018.

We will be saying farewell to Shaun Smith, who will not be standing for re-election at the 2019 Annual General Meeting. We wish Shaun all the best in his future endeavours and thank him for the excellent support and commitment he has provided to the Board to date. I am also pleased to welcome Paul Dollman, who joined the Board as Non-executive Director on 1 May 2019 and will become Chair of the Audit and Risk Committee on 26 June 2019.

I am confident we have a Board with the right capabilities and experience to deliver our long-term strategy and commitment to high levels of corporate governance. The following pages set out our governance processes and explain some of the changes we have made this year.

Ed Warner
Chair

9 May 2019

UK Corporate Governance Code

For the period of reporting, the Board continues to report against the 2016 edition of the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in April 2016 (the Code), which is publicly available on the FRC's website, www.frc.org.uk. We support the principles and provisions set out in the Code and consider it our duty to manage the Group in accordance with these. We have structured our Corporate Governance Report in line with the Code's principles, and you will find the relevant compliance statements highlighted in each section.

The FRC published a revised code in July 2018 (the 2018 Code), applicable to accounting periods beginning on or after 1 January 2019. The Board is reviewing the 2018 Code to ensure compliance with the new principles and provisions.

More information:

Leadership – see pages 44 to 49

Effectiveness – see page 50 and the Nomination Committee Report on page 51

Accountability – see page 78 and the Audit and Risk Committee Report on pages 52 to 55

Remuneration – see the Directors' Remuneration Report pages 56 to 77

Relations with shareholders – see page 79

Corporate governance report

Leadership

Role of the Board

The Board is responsible for maintaining sustainable value for our shareholders and promoting the long-term success of the Company. It has oversight of the application of standards of corporate governance that are appropriate to the Group's size, profile and circumstances and which emphasise the value of good corporate governance to the sustainable growth of the Group.

The Board sets the strategic aims of the Group and rigorously reviews trading performance against strategic initiatives and against financial targets set at the beginning of the year. The Board also ensures

the necessary resources are in place to achieve the strategic aims. 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 which includes responsibility for the following:

- 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.

This schedule of matters is reviewed annually by the Board to ensure it remains appropriate and complete. The Board discharges some of its responsibilities through its Board Committees. Copies of the schedule of matters reserved for the Board and the Committee's terms of reference are available online at www.airpartner.com/en/investors.

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 Chairs.

UK Corporate Governance Code

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 21 times during the year. There is a clear schedule of matters reserved for the Board.

A.2 Division of responsibilities

The roles of Chair and Chief Executive Officer are not exercised by the same individual and there is a clear division of responsibilities between them. The Chair, Ed Warner, 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. This division has been set out in writing and approved by the Board and the roles and responsibilities of key Board members are available online at www.airpartner.com/en/investors.

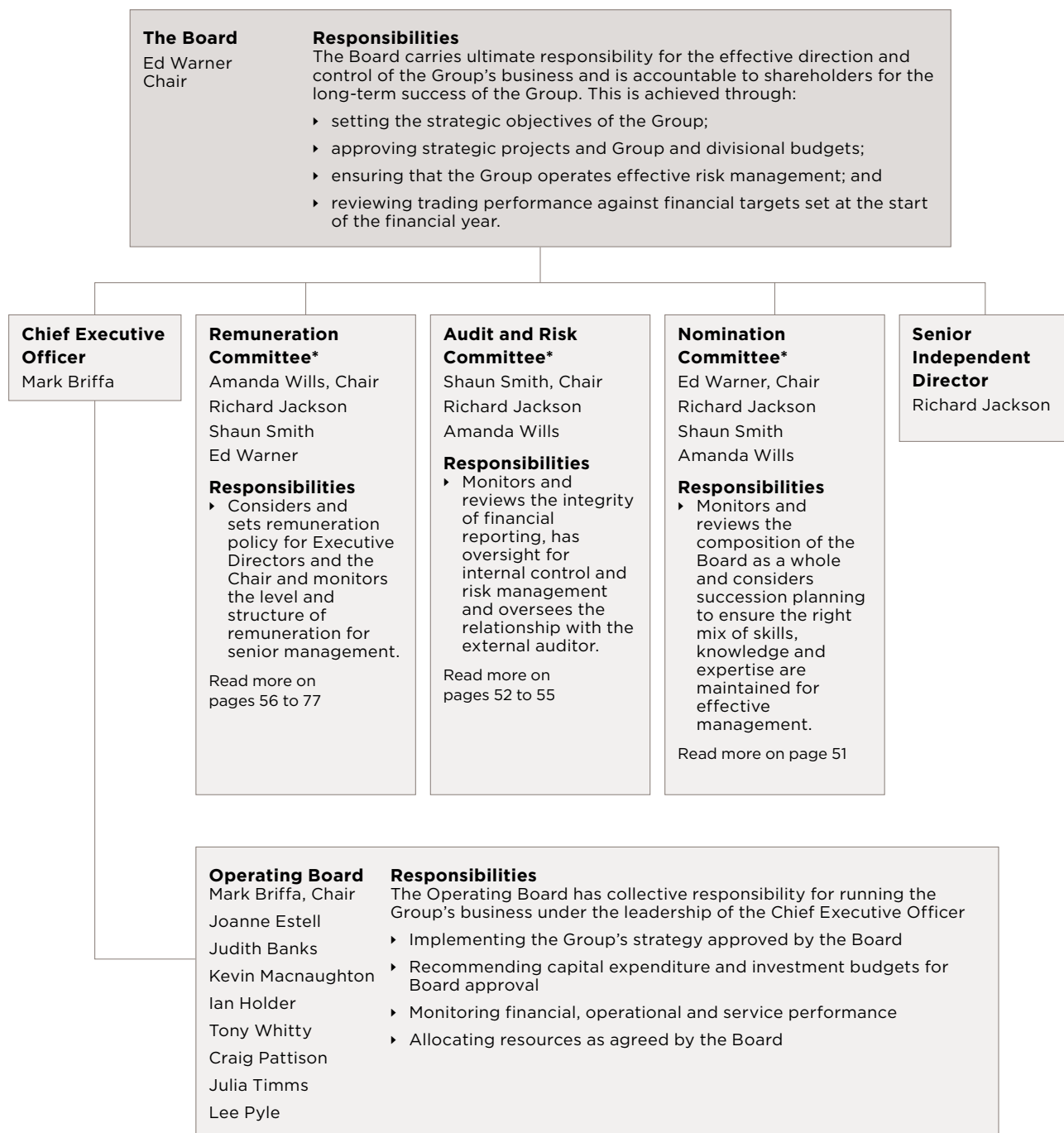
A.3 The Chair

The Chair sets the agendas for the Board meetings, manages the meeting timetable in conjunction with the Company Secretary and promotes open and constructive debate between Executive Directors and Non-executive Directors during meetings. The Chair ensures that Directors receive accurate, timely and clear information by coordinating with the Company Secretary and senior management of the Group. The Chair ensures effective communication with shareholders.

A.4 Non-executive Directors

The Non-executive Directors consider the performance of management against agreed goals and participate in constructively challenging the Executive Directors. The Chair actively invites the Non-executive Directors' views. If a Director had a concern which could not be resolved about the running of the Company or a proposed action, the Non-executive Directors would ensure that their concerns were recorded in the Board minutes. The Non-executive Directors held discussions without the Executive Directors present during the period as necessary. The Non-executive Directors determine appropriate levels of remuneration of Executive Directors and have a prime role in succession planning.

Governance structure: Board and Committees



* Paul Dollman joined the Board as a Non-executive Director on 1 May 2019, becoming a member of the Remuneration Committee, Audit and Risk Committee and Nomination Committee. Paul will become Chair of the Audit and Risk Committee on 26 June 2019 and will stand for election for the first time by shareholders at the 2019 AGM.

Board of Directors and Company Secretary

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:



1. Ed Warner

Chair



Appointed: 1 April 2019

Ed will stand for election for the first time by shareholders at the 2019 AGM.

Ed has extensive PLC experience and has chaired the board of a range of prominent organisations, including in his current role as chair of Grant Thornton UK LLP. He knows the broking sector well and was a Non-executive Director of Clarkson PLC, the world's leading provider of integrated shipping services, for over 10 years until February 2019. He also has a wealth of financial services broking experience from years spent in senior positions at several investment banks and financial institutions, including Dresdner Kleinwort and Bankers Trust, as well as CEO positions at Old Mutual Financial Services and IFX Group PLC.

Other significant appointments

- ▶ Chair, Blackrock Commodities Income Investment Trust PLC
- ▶ Chair, LMAX Ltd
- ▶ Director of a suite of Dublin-listed investment funds managed by DCI

2. Mark Briffa

Chief Executive Officer

Appointed: 1 February 2006

Mark has an extensive knowledge of air charter broking and of the aviation industry worldwide, with over 30 years' experience working within the aviation sector. He started his career with Air Partner in 1996 as a Commercial Jets Broker and joined the Board in 2006 as Chief Operating Officer, becoming Chief Executive Officer in April 2010. Before joining Air Partner, Mark held commercial roles at Air 2000 and All Leisure.

3. Joanne Estell

Chief Financial Officer

Appointed: 10 September 2018

Joanne will stand for election for the first time by shareholders at the 2019 AGM.

Joanne is a Chartered Management Accountant with over 20 years' experience. She started her career at Whitbread Plc and held a number of senior finance roles at Smiths Group plc including Finance Director of Specialised Business at John Crane and also Head of Mergers and Acquisitions at Survitec Ltd. Joanne brings a wealth of experience gained from senior finance and M&A roles at a number of listed and private companies. Most recently Joanne held CFO roles at Shield Therapeutics plc, the specialty pharmaceutical business, and, prior to this, at Stadium Group plc, a global manufacturer of technology lead products.

4. Richard Jackson

Senior Independent Director



Appointed: 8 September 2016

Richard was appointed as Senior Independent Director in June 2017 and held the position of Interim Chair of the Board from September 2018 to April 2019. He served at the Civil Aviation Authority for 11 years as Group Director of Consumer Protection, where he was instrumental in the introduction of new ATOL regulations. Richard began his career with the Ministry of Defence in 1974 before joining the financial services sector. Richard also acts as consultant to a number of aviation and travel-related clients.

5. Paul Dollman

Non-executive Director



Appointed: 1 May 2019

Paul will stand for election for the first time by shareholders at the 2019 AGM.

Paul Dollman was appointed as Independent Non-executive Director of the Company on 1 May 2019 and will take up the role of Chair of the Audit and Risk Committee, replacing Shaun Smith, with effect from 26 June 2019. Paul has significant PLC experience and has held chair and non-executive director positions at a range of listed companies. In addition, he has excellent knowledge of the aviation industry, having been Group Finance Director at John Menzies PLC, the holding company of Menzies Aviation, from 2002 to 2013. He understands the sector's operational, strategic and commercial environment well, and is credited with nearly trebling Menzies Aviation in size during his tenure.

Other significant appointments

- ▶ Non-executive Director and Chair of the Audit Committee, Wilmington PLC
- ▶ Non-executive Director, Scottish Amicable Life Assurance Society (part of Prudential plc)
- ▶ Non-executive Director and Chair of the Audit Committee, Etihad Topco Limited, trading as Verastar

6. Amanda Wills, CBE

Non-executive Director



Appointed: 20 April 2016

Amanda was appointed Chair of the Remuneration Committee in June 2017. Amanda began her career with Airtours plc and was Chief Executive Officer of Virgin Holidays Travel Group from 2001 to 2014. Amanda is currently a Non-executive Director of eDreams odigeo SA, a global online travel agency and Chair of their Remuneration and Nomination committee. In 2015 Amanda was awarded a CBE for services to the British travel industry and to charity.

Other significant appointments

- ▶ Non-executive Director, eDreams ODIGEO S.A.
- ▶ Chair, Urbanologie.com

7. Shaun Smith

Non-executive Director



Appointed: 1 May 2016

Shaun will step down from the Board at the conclusion of the 2019 AGM.

Shaun was appointed as Chair of the Audit and Risk Committee in June 2016. He began his career in retail management and corporate treasury at Marks and Spencer plc. He joined Aga Rangemaster Group plc (formerly Glynwed International plc) in 1989, becoming Group Treasurer in 1999 and Group Finance Director from 2001 to 2015. He is a qualified corporate treasurer and has an economics degree.

Other significant appointments

- ▶ Group Finance Director, Norcross plc

8. Judith Banks

Company Secretary

Appointed: 6 November 2019

Judith qualified as a solicitor in 2001 and has practised law ever since, starting in private practice before becoming an in-house lawyer. Prior to joining Air Partner in October 2018 Judith held a number of senior legal counsel positions, including at Elektro, a Nasdaq-listed medical devices company, the industrial group Atlas Copco and ATR, the regional aircraft manufacturer.

- Committee Chair
- Audit and Risk Committee
- Remuneration Committee
- Nomination Committee
- Independent Director

Mark Briffa
Chief Executive Officer

Joanne Estell
Chief Financial Officer

Judith Banks
General Counsel and
Company Secretary

1. Kevin Macnaughton
Managing Director, Charter

Kevin has a wealth of experience in the aviation charter industry, both in the UK and overseas, having held a number of senior roles at NetJets over a period of 13 years. Most recently, he was Company Director, Head of European Sales, leading the planning and execution of the sales strategy.

2. Ian Holder
Managing Director,
Baines Simmons

Ian has over 30 years of experience in the aviation industry. An experienced pilot with both RAF and civilian airline experience, Ian is now an aviation safety management specialist, having occupied a number of senior positions at a regional airline, before joining Baines Simmons in 2015 as a Principal Consultant. He has advised a broad range of aviation organisations on operational leadership and management for the firm, including global airlines and business jet operators. He is a champion of the use of organisational safety culture, delivered through effective leadership, to improve business performance. Ian moved to the position of Managing Director for Baines Simmons in April 2018.

3. Tony Whitty
Senior Director,
Remarketing and ACMI

Tony started his career in aviation in 1991 and in 1998 became one of the founder members of Cabot Aviation, an aircraft remarketing company. Cabot Aviation represents aircraft owners as their exclusive remarketing agent and also undertakes acquisition mandates on behalf of airlines, lessors and spares companies. It also assists airlines in sourcing aircraft on ACMI lease. In May 2015 Cabot Aviation (now

Air Partner Aviation Services) was acquired by Air Partner, and Tony now heads up the Remarketing and ACMI business within the Group. Tony is a board member of the European Regions Airline Association, a committee member of the Aviation Club of the UK and a member of ISTAT.

4. Craig Pattison
Group HR Director

Craig spent 10 years of his career in general management and customer service with Tesco before deciding to concentrate the next stage of his career in human resources both with the retailer and later in senior HR positions with BP, Lloyd's of London and most recently Wood Mackenzie, where he was Global Executive Vice President HR and led the HR function.

In July 2018, Craig joined Air Partner Group as Interim Group HR Director before being appointed permanently to the role in November 2018.

Craig is a Fellow of the Chartered Institute of Personnel and Development.

5. Julia Timms
Chief Marketing Officer

Julia has more than 25 years of marketing experience across a range of industries, including automotive, hotels, property and financial services. She joined Air Partner in June 2016 from Knight Frank, where she served as Interim Head of Marketing. Prior to this, Julia held the role of Marketing Director at both Goodman Group, an integrated commercial and industrial property group, and Barchester Healthcare, an independent care provider. Julia has also worked for a number of leading global brands, such as Hilton, Lloyds Bank, Texaco and Ford.

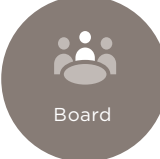



6. Lee Pyle
Group Head of Technology

Lee joined Air Partner in January 2016, with a key initiative of bringing technology to the forefront of all divisions across the UK, the EU and the US. With over 12 years' experience within the aviation sector via commercial and freight organisations, he brings with him a broad knowledge of industry experience.



Board meetings

The table below shows the attendance record of individual Directors against Board meetings and Committee meetings that those individuals were eligible or in office to attend.

	Executive Directors			Non-executive Directors			
	Mark Briffa*	Neil Morris* ¹	Joanne Estell* ²	Peter Saunders ³	Richard Jackson	Shaun Smith	Amanda Wills
 Board	21/21	3/5	7/8	11/11	21/21	20/21	20/21
 Audit and Risk Committee	6/6		3/3	3/3	6/6	6/6	5/6
 Remuneration Committee	2/2			4/4	7/7	7/7	7/7
 Nomination Committee	3/3			1/1	3/3	3/3	3/3

1 Neil Morris resigned as a Director on 13 April 2018.

2 Joanne Estell was appointed as a Director on 10 September 2018.

3 Peter Saunders attended all Board meetings held prior to his death on 28 August 2018.

* The Executive Directors were not Committee members but attended meetings when appropriate by invitation. Accordingly, the number of meetings attended by them (in full or in part) as guests are identified in the table above. Other senior executives were regularly invited to attend meetings for specific items.

Directors' and Officers' liability insurance cover remains in place to protect all Directors.

Composition of the Board

The composition of the Board is shown on pages 46 and 47.

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 Jackson or Shaun Smith.

Board evaluation

The performance and effectiveness of the Board is subject to an annual evaluation process. This process was internally led in 2018. The evaluation was focused on the composition of the Board, understanding of Company purpose and value generation and Board effectiveness. An informal

meeting was held, facilitating open and challenging discussion and key points were identified for action including a refocusing of direction on Group strategy, improvements in risk culture, improved communication across the Board and management and better employee engagement. The actions identified from the previous year's evaluation were progressed.

Due to changes to the Chair during the period a performance evaluation of the Chair was not carried out by the Non-executive Directors. The Board anticipates that the process for Committee and individual evaluation should be bolstered and plans to review the evaluation process in these areas in 2019.

Overall the collective view of the Directors was that the Board is effective in discharging its responsibilities. 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

Non-executive Directors are appointed for an initial three-year term, subject to re-election by shareholders at each AGM, after which their appointment may be extended, subject to mutual agreement. All members of the Board will retire and seek re-election by shareholders at the 2019 AGM.

UK Corporate Governance Code

B. Effectiveness

B.1 The composition of the Board

As a whole the Board has a balance of depth of skills and experience, together with suitable knowledge of the Group and industry to enable successful discharge of respective duties and responsibilities.

B.2 Appointment to 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. The Nomination Committee leads the process for Board appointments. Details of the activities carried out by the Nomination Committee during the year can be found on page 51.

B.3 Commitment

Upon appointment, Directors are informed of the time commitment expected from them. A copy of the terms and conditions of the appointment of the Non-executive Directors is available for inspection at the Company's registered office during normal business hours and at the AGM. Upon their appointment to the Board, Ed Warner and Paul Dollman notified the Board of their commitments to other organisations as detailed in their biography on page 47.

B.4 Development

Newly appointed Board members 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. The annual Strategy Day for 2018 was cancelled due to unforeseen events but is scheduled to continue to occur annually from 2019.

B.5 Information and support

The Chair, 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 Evaluation

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

B.7 Re-election

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

Nomination Committee report



Ed Warner, Chair

The principal purpose of the Nomination Committee is to monitor the composition of the Board and its Committees, identify and recommend to the Board the appointment of new Directors and Committee members. The Nomination Committee also oversees planning for the succession needs of the Company.

The terms of reference for the Committee have been agreed by the Board and are available online at www.airpartner.com/en/investors. The Directors who served on the Nomination Committee during the period are as detailed below and their meeting attendance during the year is set out on page 49:

- ▶ Peter Saunders (Chair, deceased 28 August 2018);
- ▶ Amanda Wills (acting Chair);
- ▶ Richard Jackson; and
- ▶ Shaun Smith.

When proposing appointments of 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, amongst other things, encourages scrutiny and appropriate challenge of executive management.

Board appointments

Following the resignation of Neil Morris, the Committee considered in detail the role specification and experience it would require of the next Chief Financial Officer. Accordingly the Nomination Committee agreed the role specification and appointed external search consultants Eton Bridge Partners to carry out a robust search process. This involved discussions with existing Directors and advisers, followed by interviews with the potential candidates. Having completed this process, the Committee was pleased to secure Joanne Estell who, with her extensive experience in financial processes and controls and expertise in M&A transactions, possessed the desired experience and personal attributes to contribute to the work of the Board.

Following the death of Peter Saunders, Richard Jackson was appointed as Interim Chair of the Board on 7 September 2018. The Board conducted a review of the job description for the new Chair of the Board. The Nomination Committee, consisting of independent Non-executive Directors, Amanda Wills and Shaun Smith, carried out a formal search process for the succession of the Chair.

Following Shaun Smith's decision not to stand for re-election at the 2019 AGM announced on 25 October 2018, the Nomination Committee also started the search for an independent Non-executive Director and Chair of the Audit and Risk Committee.

Ridgeway Partners was enlisted to support both the search for the Chair of the Board and Chair of the Audit and Risk Committee.

The appointment process for both the Chair of the Board and Chair of the Audit and Risk Committee was finalised after the year end. Having familiarity with the broking sector and extensive PLC experience through the chairing of boards at a range of prominent organisations, I was recommended by the Nomination Committee and appointed by the

Board on 1 April 2019 as Chair of the Board and Chair of the Nomination Committee. As such I led the final stages of the search for the Chair of the Audit and Risk Committee that culminated in the recommendation by the Nomination Committee and appointment by the Board of Paul Dollman as Non-executive Director on 1 May 2019. Paul has excellent knowledge of the aviation industry, coupled with significant plc and audit chair experience. Paul will become Chair of the Audit and Risk Committee, replacing Shaun Smith, with effect from 26 June 2019. Both appointments will be subject to shareholder approval and ratification at the AGM to be held on 26 June 2019. Further details on the recommended appointments can be found in the Notice of Meeting on pages 147 to 157.

There were no other connections between the Company and the external search consultancy firms noted as being used for the appointments above.

Diversity

The Board 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 it to search for candidates from as many different backgrounds as possible. This policy is adopted throughout the Group in relation to all recruitment.

Ed Warner
Chair

9 May 2019

Audit and Risk Committee report



Shaun Smith, Chair of the Audit and Risk Committee

I am pleased to present the Audit and Risk Committee's report for the year ended 31 January 2019. The Committee fulfils an important oversight role on behalf of the Board by monitoring the Group's financial reporting. It also reviews the effectiveness of both the Group's systems of internal control and its risk management framework.

Role of the Audit and Risk Committee

The detailed responsibilities of the Audit and Risk Committee include:

- ▶ monitoring the Group's financial reporting processes;
- ▶ reviewing financial statements and announcements relating to the financial performance of the Company;
- ▶ reviewing and monitoring the internal controls and risk management processes of the Group;
- ▶ reviewing the internal audit programme to ensure its effectiveness and that it is adequately resourced;
- ▶ considering changes to accounting standards and the appropriateness of accounting policies;
- ▶ reviewing the actions and judgements of management in relation to the interim and annual financial statements before submission to the Board;

- ▶ consideration of the appointment of the external auditors, their reports to the Committee and their independence;
- ▶ discussing with the external auditors the nature and scope of the external audit; and
- ▶ reviewing the Company's whistleblowing and anti-bribery policies and procedures.

The Committee's terms of reference are reviewed on an annual basis and can be found on the Company's website at www.airpartner.com/en/investors.

Fulfilling the role of the Audit and Risk Committee

In order to fulfil its role, the Committee has:

- ▶ held 6 scheduled meetings in the year to coincide with key dates within the financial reporting and audit cycle and to deal with matters arising out of the need to investigate the historic accounting issue;
- ▶ received presentations and reports from the Chief Executive Officer and each individual holding the office of the Chief Financial Officer throughout the year, to gain an understanding of the risks facing the Group;
- ▶ met privately with the external auditors after Committee meetings; and
- ▶ led the external audit tender process detailed in this report.

The attendance of Directors at the meetings of the Committee is set out on page 49.

Audit and Risk Committee members

The Committee is made up of independent Non-executive Directors. The members of the Committee during the year were:

- ▶ Shaun Smith (Chair)
- ▶ Amanda Wills
- ▶ Richard Jackson

Richard Jackson remained a member of the Committee while in his position as Interim Chair of the Board and pending the appointment of a new Chair of the Board. The Committee was therefore adequately resourced in accordance with its terms of reference.

The Board is satisfied that the Committee members have the appropriate level of expertise to fulfil its obligations as set out in its terms of reference and competence relevant to the aviation and travel sector. The Chair, Shaun Smith, is the Group Finance Director of a listed PLC, a Qualified Corporate Treasurer with an Honours degree in Economics, and as such is considered to have recent and relevant financial experience. Biographies of the Committee members can be found on page 47.

Although not Committee members, the external auditor, the Chief Executive Officer and the Chief Financial Officer regularly attend meetings by invitation.

UK Corporate Governance Code

C. Accountability

C.1 Financial and business reporting

The Board is responsible for preparing fair, balanced and understandable financial information. The Strategic Report is set out on pages 1 to 42 inclusive and 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

The Board sets out the nature and extent of any significant risks to the business and maintains sound risk management and internal control systems. Further information on risk management and internal control systems is set out in the Audit and Risk Committee Report on pages 52 to 55.

C.3 Audit Committee and auditors

The activities of the Audit and Risk Committee, which assists the Board with its responsibilities for monitoring and reviewing the effectiveness of internal control and risk management systems, internal audit procedures and the external auditor, are set out in the Audit and Risk Committee Report on pages 52 to 55. The terms of reference of the Audit and Risk Committee are available online at www.airpartner.com/en/investors. The Audit and Risk Committee as a whole has competence relevant to the sector in which the Company operates.

Significant issues addressed during the year

As extensively reported in last year's Annual Report and Accounts, during April 2018 the Board announced that it had identified an issue relating to its accounting for receivables and deferred income. This issue was fully investigated and quantified at £4.0m. Accordingly, an announcement was made on 11 June 2018 to the London Stock Exchange.

This Committee played an active role in overseeing these matters, providing clear stewardship and a review of controls. The Committee engaged in extensive and detailed discussions with management and PricewaterhouseCoopers LLP (PwC) who were appointed by the Board to undertake a thorough forensic exercise to ensure the full extent of the issue was understood and, importantly, that remediation measures could be implemented.

Although these issues relate to the prior year accounts, the details are included in this year's report as this was a key activity for the Committee during the year. For the sake of completeness, a summary of the details in respect of this matter are included below:

Summary of events

During the year end close for the financial year ended 31 January 2018, it was identified that the Company could not substantiate certain balance sheet entries, which were present across a number of different line items, predominantly affecting deferred income, accounts receivable, purchase accruals and other creditors.

The total cumulative impact on net assets, as at 31 January 2018, was a £4.0m overstatement net of corporation tax. The Company's initial findings were that these balance sheet entries dated back to the financial year ended 31 July 2011.

In addition to the appointment of PwC to undertake a forensic review, Rosenblatt Solicitors (Rosenblatt) were engaged to provide legal support as part of a thorough and exhaustive review into the causes and impacts of this matter.

The review undertaken by the Company was completed in close cooperation with this external support and all teams worked together on a clearly defined and scoped work plan.

Findings of the review

The key outcomes arising from the review were as follows:

- ▶ no evidence has been found of any cash or other assets being misappropriated from the Company nor of any customer or supplier being disadvantaged by this issue;
- ▶ the issue was isolated to the UK business of Air Partner plc; and
- ▶ the total cumulative impact on the net assets of the Group was £4.0m net of corporation tax; refer to note 2a for the specific accounting treatment in relation to the prior year.

Mitigating actions

Various changes were made during the year as a result of the historic accounting issue in order to improve the control environment within the Group, as detailed below:

- ▶ Joanne Estell was appointed as Chief Financial Officer in September 2018.
- ▶ The Company has enhanced its controls over the journal approval process and balance sheet reconciliations.
- ▶ The Finance Department has been strengthened in a number of areas and specifically a dedicated Head of Risk & Assurance has been recruited.
- ▶ A number of new Group policies have been introduced and management information has improved.
- ▶ Following an external audit tendering process the Company appointed PwC as external auditors.

- ▶ Further control improvements were identified through the work of PwC and Rosenblatt, and these are currently being implemented by the Company.

The Committee is satisfied that the actions taken at the time and the response from management has been proportionate and thorough. The Committee believes that the learnings from this event have been understood and a robust control improvement plan is now being rolled out across the Group.

Accounting judgements

In addition to the above event, the Committee has also considered the following important matters and has taken into account, in all instances, the views of the Company's newly appointed external auditor:

Going concern basis for the financial statements

The Committee reviewed management's assessment of going concern.

The Committee considered the Group's current financial position, including:

- ▶ the factors affecting its cost base;
- ▶ the state of the air charter and aviation consultancy market as a whole;
- ▶ the availability of financing facilities; and
- ▶ forecasts for a period of not less than 12 months from the date of approval of these financial statements.

Accordingly, the Directors are satisfied that the Group and Company have adequate resources to continue in business for the foreseeable future and that the Company is a going concern.

In light of the above, the Directors have continued to adopt the going concern basis in the preparation of the financial statements as fully described in note 2 to the financial statements.

Accounting judgements *continued*
Viability statement

During the period under review, the Committee has considered the Group's long-term viability by taking into account its current trading position, the Company's principal risks, and a range of internal and external factors.

A three-year period is deemed appropriate for the viability statement as it covers the Group strategic planning period and the variability of earnings means that forecasting beyond three years is more subjective.

The three-year strategic plan considers the Group's forecasted underlying profit, associated cash flows, covenant compliance and investments in technology. These metrics are subject to a sensitivity analysis that involves consideration of downside scenarios.

Where possible, this analysis is carried out to evaluate the potential impact of the Group's principal risks. The three-year plan is underpinned by 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 the assessment. The existing banking facilities are due to expire in February 2021, thereafter there is a reasonable expectation that they will be renewed.

Goodwill and other intangibles impairment

The Committee reviewed management's process for testing goodwill and other intangibles for potential impairment and ensuring appropriate sensitivity disclosure. This included challenging the key assumptions, principally cash flow forecasts, growth rates and discount rates. It was the view of management that there were no indications of impairment of goodwill or other intangibles across the Group.

Onerous lease provision

In the first half of the year, the Committee reviewed management's proposal to provide for two loss-making contracts in the recent SafeSkys acquisition. It considered the background and the learnings from the acquisition including the due diligence process. The overall conclusion was that an adjustment to the opening balance sheet was required with a corresponding increase in the carrying value of the goodwill and intangibles. See note 31.

Revenue recognition

The Committee has reviewed the requirements of IFRS 15 and revisited the process of determining whether the Group acts as a principal or agent in revenue transactions and the controls in place regarding this assessment. See note 37 for the subsequent restatement.

Exceptional and other items

The Committee considered the presentation of the Group financial statements and, in particular, the appropriateness of the presentation of exceptional and other items and their disclosure. The Committee reviewed the nature of the items identified and concurred with management's treatment. Consideration was also given to the quality of earnings within underlying results. See note 7 to the financial statements.

Other areas of activity by the committee

During the year, the Committee has continued to review the effectiveness of both the Group's systems of internal control and its risk management framework, and has consequently undertaken the following activities and decisions:

External audit tendering

During the period, the Committee undertook a tendering process for the external auditor, having last conducted an audit tender process in 2011.

To help support the Committee in developing and implementing its planned approach the Committee approved the formation of a Steering

Group, comprising the Chair of the Committee, Shaun Smith; Richard Jackson; Mark Briffa; and Joanne Estell.

A summary of the evaluation criteria for the process was agreed as:

- ▶ audit approach and delivery;
- ▶ audit quality and value-add;
- ▶ resourcing and engagement team;
- ▶ organisation and capability;
- ▶ relevant or related sector experience; and
- ▶ fees and contract.

To evaluate each of the firms against these criteria, the Committee reviewed the response to the request for proposal, conducted due diligence including reviewing Audit Quality Inspection reports published by the Financial Reporting Council (FRC), received presentations to the Steering Group and the Committee and collated and analysed benchmarking scores against pre-defined criteria.

Following this competitive tender process and the Committee's recommendation, PwC were appointed as the Company's new external auditors for the financial year ending 31 January 2019 as announced by the Company on 6 October 2018. A resolution to appoint PwC will be proposed at the 2019 Annual General Meeting.

During the year, Deloitte LLP (Deloitte) reviewed the interim accounts published on 25 October 2018 and PwC has subsequently taken over the audit for the full year to 31 January 2019.

External auditors' independence and non-audit fees

To preserve objectivity and independence, the external auditors do not provide consulting services unless this is compliant with the Group's non-audit services policy, which reflects the EU audit reform regulations and the FRC's Revised Ethical Standard 2016. The Company has updated its non-audit services policy during the year.

It is noted that, prior to appointment as the Company's auditor, PwC undertook forensic services to support the accounting review. The advisory team is separate to the audit team. The level of fee for this exercise was £650k, shown as an exceptional item in the financial statements; see note 6.

Internal audit

The Committee has continued to focus on the process for risk management and internal control procedures beyond both the external audit provision and the work by PwC following the accounting errors, by recruiting an internal risk management and assurance resource. The role will provide both an internal audit capability and enhance our risk management framework.

Looking ahead, the key focus for 2019 will be to close out the identified weaknesses post the accounting review and improve risk management across the Group.

Whistleblowing

A whistleblowing policy is in place across the Group to enable members of staff to bring to the attention of the Chair of the Board or the Company Secretary any concerns regarding serious matters of financial misconduct which could damage the performance or reputation of the Company. The policy was refreshed and relaunched in the period.

Financial Reporting Council review letter

In October 2018, the Company received a letter from the Corporate Reporting Review Team (CRRT) of the Financial Reporting Council (FRC) in relation to its regular review and assessment of the quality of corporate reporting in the UK. The letter focused on the balance of the Strategic Report, the disclosures of critical accounting judgements and estimates and the disclosures of other provisions. In addition, the CRRT highlighted areas of improvement in the presentation of the notes to the accounts.

The Directors responded to the CRRT's questions, providing clarifying information that addressed the questions and comments raised. The recommendations from the review have been incorporated into the 2019 financial statements. The FRC has confirmed that this matter has now been closed out.

Fair, balanced and understandable

The Board sought assurance 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.

The Board requested that the Committee advises on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess

the Company's position and performance, business model and strategy. The Committee has advised the Board accordingly.

Discharge of responsibilities

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

In light of the accounting issue, the status of the financial control improvement plan has been a focal point for discussion by the Committee.

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 the Leadership Team.

The Committee has, where necessary, taken the initiative in requesting information in order to provide the appropriate constructive challenge for it to fulfil 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.

On behalf of the Audit and Risk Committee.



Shaun Smith
Chair of the Audit and Risk Committee

9 May 2019

Directors' remuneration report

Annual statement by the Chair of the Remuneration Committee



Amanda Wills, Chair 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 2019.

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 2016. The report is divided into three parts:

- ▶ this Annual Statement;
- ▶ the new proposed Directors' Remuneration Policy. In line with the triennial cycle, this policy is to be put to shareholders for a binding vote at the AGM on 26 June 2019;
- ▶ the Annual Report on Remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2018/2019 financial year; and
- ▶ the Annual Report on Remuneration together with this statement is subject to an advisory shareholder vote at the AGM.

This was my first full financial year as Chair of the Remuneration Committee. The other members of the Committee during the year were Peter Saunders, Richard Jackson and Shaun Smith. Ed Warner joined the Committee after the year end on 1 April 2019 following his appointment as Non-executive Chair of the Company. The role of the Committee is to support on behalf of shareholders, the ongoing development and effective governance of a remuneration framework appropriate for our Group.

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 Directors' remuneration;
- ▶ the key activities undertaken and decisions taken by the Committee during the year and the context in which decisions were taken;
- ▶ a summary of the proposed changes to the Director's Remuneration Policy and our reasoning; and
- ▶ the key areas of focus for the Committee during 2019/2020 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 Executive Directors and senior executives 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 elements;
- ▶ 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, senior executives and the broader team to deliver on stretching performance targets consistent with our risk management framework.

The Group employs people in specialised high capability roles, from brokers to consultants and aviation experts to air traffic controllers, and management across a range of geographies. The reward structure for our people is built around a set of common reward principles on a framework altered to suit the needs of each business area. Reward packages differ, taking into account a number of factors including seniority, role, impact on the business, local practice, custom and legislation.

When determining the Directors' remuneration policy, the Remuneration Committee considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures from Executive Director to senior executives are aligned and appropriate.

Our business is evolving quickly and it is essential that we maintain both competitive and motivational remuneration. The aims of our remuneration policy remain valid for our business however we recognise that as we grow the context in which we operate and the evolving governance environment for executive remuneration at UK public listed companies will be taken into consideration. We are on the front foot in addressing these matters.

Key remuneration activities during the year

Key activities undertaken by the Committee during the year were:

- ▶ determining the level of annual bonus for the Chief Executive Officer (CEO) in respect of performance against targets in respect of 2017/2018;

- ▶ setting bonus targets for 2018/2019 following the approval of the financial budget and including objectives and KPIs for the CEO and Chief Financial Officer (CFO);
- ▶ determining the exit package of our former CFO who resigned effective 13 April 2018;
- ▶ determining the salary of the CEO effective 1 August 2018;
- ▶ determining the extent to which the performance measures attached to the Long Term Incentive Plan awards were achieved for awards due to vest in 2018;
- ▶ determining the remuneration package of our new CFO who was appointed to the Company with effect from 10 September 2018;
- ▶ determining the level and performance conditions to be attached to long-term incentive awards made to Executive Directors and senior executives during 2018/2019;
- ▶ undertaking a focused review of our Directors' remuneration policy ahead of the required policy vote at our 2019 AGM;
- ▶ conducting a Group wide review of policy on pay;
- ▶ reviewing and proposing the introduction of a Save as You Earn (SAYE) scheme in 2019; and
- ▶ implementing an increase in the remuneration of the Non-executive Directors post year end, as recommended by the Board.

We commenced a review of our Directors' Remuneration policy at the end of 2018 and consulted with shareholders on the proposed new policy in the early part of 2019. The Committee is of the view that the broad terms of the existing policy is effective and appropriate and as a result does not propose any major changes. A summary of the proposed changes is set out later in this statement.

Subsequent to the financial year end, the Remuneration Committee met to review the final outcome of the 2018/2019 annual bonus scheme and the structure and targets of the annual bonus scheme and Long Term Incentive Plan (LTIP) for 2019/2020. The Remuneration Committee also finalised its position in relation to the new remuneration policy.

In last year's Annual Report and Accounts, I stated that the Company intended to develop an all employee share plan. The Company had decided to propose to shareholders that it implement a SAYE scheme. This will be put to shareholders for approval at the 2019 AGM.

Performance in 2018/2019 and decisions taken on remuneration

As described earlier in this Annual Report, in a year where we faced considerable challenge, our business delivered a robust performance. In our Charter division, Commercial Jets, while down year on year, performed well with strength across sectors helping to offset the consequences for this year of a significant contribution from a one-off contract in the prior year. Our US business once again produced record profits and the introduction of Freight into the US has driven further growth. Although Private Jets was flat year on year, with the UK and Europe impacted by sector volatility towards the end of the year and by key customers flying less, we saw continued strength in the US. We entered the new financial year having achieved an encouraging increase in JetCard membership and record customer deposits. While there is still work to be done, we are also seeing good progress from our acquired businesses with Consulting & Training now representing 11.9% of Group gross profit.

Directors' remuneration report *continued*

Annual statement by the Chair of the Remuneration Committee *continued*

Performance in 2018/2019 and decisions taken on remuneration

continued

During the year, Neil Morris resigned as CFO effective 13 April 2018. No bonus was paid to Neil Morris in relation to 2018 performance. Neil received pay in lieu of notice but received no severance payment. As per the LTIP rules, all unvested LTIP options lapsed on 13 April 2018 and no compensation was paid for them.

The awards granted to the CEO in June 2015 under the LTIP 2012 were due to vest in June 2018. This award was subject to EPS and TSR performance conditions covering the period 1 February 2015 to 31 January 2018. The performance conditions of this award were met, and the award vested in full.

In July 2018, the Company granted an award of 177,273 ordinary shares to the CEO pursuant to the Company's 2012 LTIP subject to the performance conditions detailed later in this report. At the closing share price of 121.0p on the date before the award, this award had a face value of £214,500 representing 82.5% of the CEO's salary.

In line with the normal annual review, the salary of our CEO was increased by 2% from £260,000 to £265,200 effective 1 August 2018. This increase was in line with the global, Company-wide salary review process.

As reported in the Annual Report and Accounts for the year ended 31 January 2018, the CEO's bonus entitlement of £164,000, was paid 50% in cash in June 2018 and 50% was issued in shares on 5 March 2019. These shares are to be held for a period of two years until 26 June 2020.

Joanne Estell joined the Company as CFO on 10 September 2018. Her package was set in line with the existing remuneration policy and comprised the following key

features: Base salary of £192,000, bonus potential of 100% of base salary, 12% pension contribution and LTIP award. No LTIP awards were made to Joanne Estell during the year.

The Company performance in respect of underlying profit before tax was below the threshold required, therefore no annual bonus accrued for the CEO and CFO during the year despite them both achieving high levels of personal performance.

New remuneration policy

As noted above, the Remuneration Committee commenced a focused review of the Directors' remuneration policy during the year, ahead of the requirement to seek shareholder approval for a revised policy at the 2019 AGM. The Committee concluded that the policy remained fit for purpose, however a number of changes should be made to reflect the latest guidance on corporate governance and investor sentiment. The review of the remuneration policy considered the provisions of the FRC's 2018 UK Corporate Governance Code (2018 Code) and the 2018 Investment Association Principles of Remuneration.

Any LTIP awards granted after the adoption of the proposed new policy which vest after the end of the three-year performance period (net of those required to be sold to pay tax), will be subject to an additional two-year holding period. This brings the structure of the plan into line with the provisions of the 2018 Code.

The 2018 Code sets out new guidance in respect of incentive schemes covering malus and clawback, to ensure a substantial list of specific circumstances in which the provisions apply and to ensure provisions are consistent across different incentive schemes, and to ensure that the Committee has discretion to vary pay-outs in the

event of exceptional negative events and to override formulaic outcomes.

In light of this guidance, the Company will update the documentation under which annual bonus is operated and paid to develop these features and make them more explicit. The Committee sees that the provisions relating to malus and clawback in its LTIP already cover a broad range of matters and are effective but will make amendments to the plan to make the Committee's discretions to override formulaic outcomes broader and stronger. Some changes to the 2012 LTIP scheme rules are required to effect these changes. These will be made by Board approval as permitted under the scheme rules after our 2019 AGM.

The existing Executive Directors pension arrangements are ahead of the rate which is given to the majority of the Company's workforce. The pension contribution for the CEO and CFO is 12% of salary. The Committee sees that the differential is appropriate given the higher level of responsibility attached to these roles and believes it unfair and inappropriate to seek to change these rates retrospectively.

For any new Executive Directors, pension arrangements, including contribution rates, will be aligned with those of the majority of the UK workforce (currently 5.3%, but is subject to review in 2019).

The Committee sees that the implementation of post-employment holding periods would be cumbersome and inflexible and prefers to focus at this point on encouraging Executive Directors to meet and maintain the established shareholding guidelines.

In summary, the Committee believes the existing policy amended as proposed above is appropriate and

fits the Company's circumstances. The new policy incorporates closer compliance with best practice given the introduction of the two year holding period for LTIP awards, the strengthening of malus and clawback arrangements and Committee discretions in determining payments.

We consulted with major shareholders on the proposed changes in April 2019 and the changes reflect comments made. The revised policy as set out below will now be subject to a binding shareholder vote at the 2019 AGM.

The Company will keep its remuneration policy and practices under review in the light of the development of the business and evolving best practice in respect of remuneration.

Focus for 2019/2020

As the focus on executive pay continues, the Committee remains mindful of the developing remuneration landscape. Subject to approval at the AGM, the Committee will manage remuneration in line with the policy during 2019/2020.

The salary decision for the Executive Directors will be made by the Committee at a future meeting prior to the effective date of 1 August 2019. Detail on the proposed annual bonus structure for 2019/2020 is set out later in this report. The Committee anticipates making 2019 LTIP awards to Executive Directors with a value of 100% for the CEO and 75% for the CFO of salary following the AGM with performance conditions as detailed later in this report.

Following the year end, the Board appointed its new Chair, Ed Warner, effective 1 April 2019. Ed receives a gross annual fee of £80,000 for his chairmanship of the Board and an additional annual gross fee of £5,000 for his chairmanship of the Nomination Committee. The Board

also appointed a new Non-executive Director, Paul Dollman, effective 1 May 2019. Paul receives a gross annual fee of £35,000 and, upon becoming Chair of the Audit and Risk Committee on 26 June 2019, will receive an additional annual gross fee of £5,000.

Recommendation

Positive votes of 98.94% in favour of the Directors' Remuneration Report were received from shareholders at the 2018 AGM. I will be available, together with my fellow Committee members, at our AGM in June 2019 to answer any questions or receive your feedback with regards to our policy and how we have implemented it.

I hope that you find this report helpful and informative and I look forward to receiving further feedback from our investors on the information presented. On behalf of the Committee, I look forward to receiving your support at the AGM.



Amanda Wills

Chair of the Remuneration Committee

9 May 2019

Directors' remuneration report *continued*

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 2019 AGM.

Summary of policy changes for 2019 implementation

The following table shows a summary of the policy changes for 2019 subject to shareholder approval at the 2019 AGM.

Current arrangements	Changes to policy
Base salary	No change to the policy
Pension	Pension contributions for new Executive Directors to be in line with other scheme participants
Benefits	No change to the policy
Relocation/expatriate assistance	No change to the policy
Annual bonus	Enhanced malus and clawback provisions. Committee discretion for adjustment to formulaic outcomes
Long Term Incentive Plan (LTIP)	Introduction of additional two-year holding period. Committee discretion to override formulaic outcomes

Executive remuneration policy table – Executive Directors

The table below summarises the main elements of the reward package for Executive Directors

Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Base salary				
Supports the recruitment and retention of Executive Directors of the calibre required to fulfil the role without paying more than is necessary. Rewards executives for the performance of their role. Committee Reflects the skills, experience and role within the Group.	<p>Paid in cash. Normally reviewed annually to take effect on 1 August but exceptionally may take place at other times of the year.</p> <p>In determining base salaries, the individual considers:</p> <ul style="list-style-type: none"> ▶ pay levels at companies of a similar size and complexity; ▶ external market conditions; ▶ pay and conditions elsewhere in the Group; 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

Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Pension				
Provides funds to allow Executive Directors to save for retirement.	In determining pension arrangements, the Committee takes into account relevant market practice.	Both the CEO and CFO receive a Company contribution of 12.0% of basic salary.	N/A	None
Provides a market competitive retirement benefit.	The scheme is defined contribution.	Pension contributions for new Executive Directors will be in line with other scheme participants.		
Incentivises and encourages retention.	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.			
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
Annual bonus				
Rewards and incentivises the achievement of annual financial objectives which are aligned with key strategic goals and supports the enhancement of shareholder value.	Paid in cash following announcement of financial year results. Bonuses are non-pensionable. May be paid in shares at the Committee's discretion. Where the bonus is paid in shares these must be held for a period of two years. From 2019 onwards, the Committee has overall discretion to adjust the extent to which bonuses are paid (in line with the 2018 UK Corporate Governance Code).	Maximum opportunity to achieve: <ul style="list-style-type: none"> ▶ CEO: 150% of base salary. ▶ CFO: 100% of base salary. Bonus accrues from threshold levels of performance. At threshold only the KPI element of the bonus is payable. Maximum opportunity to be used in exceptional circumstances.	Both CEO and CFO bonus payment based on: <ul style="list-style-type: none"> ▶ personal objectives: 30% based on performance towards Key Performance indicator (KPI) defined at the beginning of each financial year. ▶ Company performance: 70% based on financial metrics. 	Bonus is usually not paid to a good leaver should they leave before the payment date of said bonus. Arrangements in place under which amounts paid out in bonus can be clawed back from Executive Directors in defined circumstances.

Directors' remuneration report *continued*Remuneration policy report *continued*Remuneration policy table – Executive Directors *continued*

Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Long Term Incentive Plan (LTIP)				
<p>Incentivises executives to achieve the Company's long term strategy and create sustainable shareholder value.</p> <p>Enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return on capital.</p> <p>Aligns with shareholder interests through the delivery of shares.</p>	<p>Awards vest after three years based on Group financial targets.</p> <p>Awards are in the form of nil-cost options and must be exercised within four years of vesting.</p> <p>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%.</p> <p>The Committee has overall discretion to adjust the extent to which awards will vest (in line with the 2018 UK Corporate Governance Code).</p> <p>Awards granted from 2019 which vest after end of the three-year performance period will be subject to an additional two-year holding period. During this period the shares cannot be sold (other than as required for tax purposes).</p>	<p>Maximum plan award of 150% of base salary to be used in exceptional circumstances.</p> <p>Usual award levels will be:</p> <ul style="list-style-type: none"> ▶ CEO: 100%-150% of base salary. ▶ CFO: 75%-100% of base salary. <p>Dividend equivalent amounts may be added to performance share awards in shares at the point of vest.</p>	<p>The Committee will review the appropriateness of performance measures on an annual basis and set challenging targets consistent with the business strategy.</p> <p>Two thirds of the award is based on an Earnings Per Share (EPS) target and the remaining third on a Total Shareholder Return (TSR) target.</p> <p>The Committee has the ability to select appropriate performance condition criteria, mix and targets each year.</p>	<p>As per the rules of the scheme, awards will lapse if the executive leaves before the end of the performance period.</p> <p>The Remuneration Committee has discretion in certain circumstances (for example death, serious illness, redundancy) to permit an award to vest before the end of the performance period.</p> <p>Contains malus and clawback provisions under which amounts paid out can be recovered back from Executive Directors in defined circumstances.</p>
All Employee Share Plan				
To encourage all employees to make a long term investment in the Company's shares in a tax efficient way	The Executive Directors may participate in the Company's Save As You Earn scheme (SAYE), once approved, on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits.	N/A	None
Shareholding guideline				
<p>Incentivises executives to achieve the Company's long term strategy and create sustainable shareholder value.</p> <p>Aligns with shareholder interests.</p>	<p>Target value to be achieved over five years:</p> <ul style="list-style-type: none"> ▶ CEO – 100% of salary. ▶ CFO – 50% of salary. <p>Until the shareholding guideline has been achieved, executives must retain at least half vested LTIP awards beyond those needing to be sold to pay tax.</p>	N/A	N/A	N/A

Individual components of remuneration

Executive Director packages are set out in the Company's remuneration policy. The components of Executive Remuneration (Policy) are determined by the Remuneration Committee (the Committee). This Policy will be subject to shareholder approval at the 2019 AGM and, subject to that approval, will become effective from that date.

Components of Executive Director's remuneration are described below in more detail:

Bonus scheme

The bonus scheme for Executive Directors was introduced in September 2010 and is based on on-target performance. The first 70% is linked to corporate performance, evidenced by the reported underlying profit of the Group, excluding discontinued and exceptional items. The remaining 30% of the on-target bonus depends on individual achievement in KPIs, determined each year by the Committee.

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.

The annual bonus documentation will include provisions permitting the Committee decision to apply malus and clawback in certain circumstances. 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 shall (acting reasonably and in good faith) determine the amount or award subject to clawback.

Share options

Share options were awarded at the 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 (2012 Scheme), options were granted to eligible employees (including Executive Directors) within the Group, subject to defined limits. This plan is now closed and no further grants of options may be made under the 2012 Scheme.

The base measurement for Earning per Share (EPS) will be that shown in the annual or half yearly accounts of the Company most recently published. The Committee must be satisfied at the time of vesting that the underlying performance of the Company justifies the vesting. No options may vest until the Committee has written to participants to confirm that the necessary conditions have been fulfilled.

Individual components of remuneration *continued*

Long term incentives

Long term incentives are awarded at the Committee's discretion under the Air Partner Long Term Incentive Plan 2012 (LTIP) which was approved by shareholders in 2012. The rules were revised and approved in 2016.

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 Total Shareholder Return (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 Executive 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.

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

The LTIP allows dividend equivalent payments to be added to performance share awards and includes malus and clawback provisions. These allow the Committee to determine, in 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.

Discretion

Annual bonus documentation and the LTIP, subject to shareholder approval of the amendments to the LTIP, will contain provisions to give the Committee the ability to apply discretion to adjust the formulaic outcomes in line with the 2018 Code but always within plan limits as determined by the new policy. Any use of discretion would clearly be explained in the Remuneration Report.

Remuneration policy for other employees

The policy described above applies specifically to the Executive Directors. In practice, the Committee also has responsibility for setting the policy for, and determining the remuneration of, the senior executives.

In all cases, the Committee is mindful of the remuneration policy which applies for the broader workforce and seeks to ensure that the underlying principles which form the basis for decisions on Executive Directors and senior executives pay are consistent with those on which pay decisions for the rest of the workforce are taken.

For example, the Committee takes into account the general salary increases for the broader employee population when conducting the salary review for the Executive Directors.

The Committee believes that the structure of Executive Directors and senior executives reward should be linked to Group strategy and performance and as such a greater proportion of the package for senior leadership roles is therefore based on performance-based pay through the annual bonus and LTIP. This ensures the remuneration of the Executive Directors and the senior executives is aligned with the performance of the Company and therefore the interests of shareholders.

The table below shows the difference in remuneration between the Executive Directors and other employees.

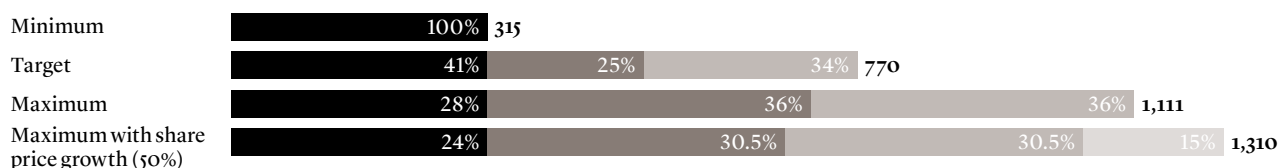
Element	Difference in remuneration policy for other employees
Base salary	The same principles and considerations that are applied to the Executive Directors are, as far as possible, applied to all employees.
Benefits	Air Partner has provisions for market-aligned benefits for all employees.
Pension	In the UK, there is a defined contribution scheme. Employer contribution rates range from 3-12% of base salary. Other countries have schemes that are appropriate for the local market.
Annual bonus	Approximately 250 employees are eligible for a discretionary bonus.
LTIPS (grants)	Only the Executive Directors and senior executives are eligible for LTIPs.
LTIPs (cash)	Cash LTIPs are awarded to key individuals. Executive Directors and senior executives are not eligible for cash LTIPs.
SAYE	The Executive Directors may participate in the Company's Save as You Earn (SAYE) scheme, once approved, on the same terms as other eligible employees.

Illustration of application of remuneration policy

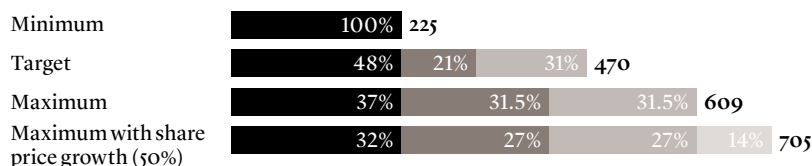
Three scenarios of Executive Directors' remuneration based on differing performance, Minimum (fixed pay, pension and benefits), on target (fixed remuneration plus annual performance related pay, paying out at target levels and LTIP at 100% for CEO and 75% for CFO) and Maximum (fixed remuneration plus maximum variable pay that may be awarded). A scenario is also shown which provides an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

A significant proportion of the potential remuneration of the Executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback.

Chief Executive Officer (£'000)



Chief Financial Officer (£'000)



■ Fixed Pay ■ Cash bonus ■ LTIP ■ Share price growth

Policy provisions relating to Executive Directors' remuneration

How employee pay is taken into consideration

When determining remuneration policy and arrangements for Executive Directors, the Remuneration Committee considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures from Executive Director to senior executives are aligned and appropriate.

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

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

Shareholder views on remuneration

The Chair of the Remuneration Committee will be available for contact by shareholders 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 Director 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 Director remuneration is appropriate, competitive and not excessive.

Approach to remuneration on recruitment

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

The Committee would generally seek to align the remuneration package offered with the Company's remuneration policy outlined in the table above. However, the Committee retains the discretion to make proposals on hiring a new Executive Director which are outside the standard policy:

- ▶ in the first year of appointment, the Committee may offer additional remuneration arrangements that it considers appropriate and necessary to recruit and retain the individual which shall not be offered in successive years;
- ▶ it may also offer awards on appointing an Executive Director to 'buy-out' remuneration arrangements forfeited on leaving a previous employer;
- ▶ any arrangement established specifically to facilitate recruitment of a particular individual would take the form of performance-related variable remuneration. The value of this would be capped to be no higher, on recruitment, than the awards which the individual had to surrender in order to be recruited. The same remuneration policy as for the existing Executive Directors would apply to the balance of the individual's remuneration package. The Committee does not envisage any cash payment being offered which could be construed as a 'golden hello'; and
- ▶ in the event of recruitment, the Committee may also grant awards to a new Executive Director under Listing Rule 9.4.2 (2) which allows for the granting of awards, specifically to facilitate, in unusual circumstances, the recruitment or retention of an Executive Director, without seeking prior shareholder approval.

Executive Directors' service contracts

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

Executive Director	Date of service contract	Date of appointment	Unexpired term at 31 Jan 2019	Notice period
M Briffa	08-Feb-12	01-Jan-05	12 months	12 months
J Estell	29-Aug-2018	10-Sep-18	12 months	12 months

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

Policy for payments for loss of office

Notice periods set in the Executive Directors' service contracts are driven by the need to protect shareholder value and interests. As noted above, both Executive Directors have notice periods of twelve months. A bonus is not usually paid to a 'good leaver' should they leave before the payment date of said bonus.

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

- ▶ service contracts legally oblige the Company to either continue to pay salary and pension allowances and other contractual benefits for any unworked notice period or, at the option of the Company, to make payment in lieu of notice unless where an Executive Director's employment is summarily terminated. The Committee reserves the right to make discretionary payments in lieu of notice which may be paid in a lump sum, quarterly or monthly;
- ▶ the payment of a performance bonus and/or other short term incentives may be offered to the departing Executive Director during his/her notice period, based on an assessment of personal and corporate performance up to the date of departure. Bonuses will not be paid for any unworked period of notice;
- ▶ where a role fulfilled by an Executive Director is declared redundant then the individual may have the legal right to either statutory redundancy pay or to a payment under the Group's normal severance arrangements applicable to employees generally; and
- ▶ in case of poor performance, contractual termination payments may generate undue and potentially excessive reward; in such circumstances, the Committee will consider terminating a service contract on a fair basis, 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. Executive 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. Unvested awards will lapse when an Executive director ceases to be employed by the Company. However in cases of death, ill-health, injury, redundancy, retirement or the transfer of employment from one company to another company in the Group, awards will lapse unless the Committee, in its absolute discretion, determines otherwise.

If employment is terminated by the Company, the departing Executive Director/senior 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 Director/senior executive where the Company wishes to enter into a settlement agreement. In certain circumstances, the Committee may approve new contractual arrangements with the departing Executive Director/senior executive, 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. 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.

Policy provisions relating to Executive Directors' remuneration *continued***Flexibility, discretion and judgement**

Every attempt has been made to ensure that the majority of situations and scenarios that may arise in relation to Executive Directors' remuneration have been covered in this policy. There may be times when the Committee may need to exercise appropriate discretion, judgement or flexibility 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 where 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. Judgement 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 judgement to ensure that the determination and implementation of this policy is fair to both the Executive 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. 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, and (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; and

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 66.

Remuneration policy table – Non-executive Directors' fees

The Company intends to have at least two independent Non-executive Directors on the Board at any time, in addition to the Chair. The Board considers each of the Non-executive Directors to be independent.

The Non-executive Directors' remuneration (including that of the Chair) 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
Fees	Fees for Non-executive Directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group.	<p>The Non-executive Director fees policy is:</p> <ul style="list-style-type: none"> ▸ to pay a basic fee for membership of the Board; and ▸ to pay additional fees for fulfilling the role of Chair of the Board and/or Chair of a Committee and for the role of Senior Independent Director, taking into account the additional responsibilities and time commitment of these roles. <p>Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board 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:</p> <ul style="list-style-type: none"> ▸ basic fee – £35,000; ▸ additional fee for Board Chair – £45,000; ▸ additional fee for Committee Chair – £5,000; and ▸ additional fee for Senior Independent Director – £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 Chair, 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.

Directors' remuneration report *continued*

Annual Report on Remuneration

Remuneration policy table – Non-executive Directors' fees *continued***Non-executive Directors' letters of appointment** *continued*

Details of the letters of appointment of the Non-executive Directors at 31 January 2019 are set out below:

Non-executive Director	Date of appointment or reappointment	Term	Unexpired term at 31 Jan 2019	Notice period
Richard Jackson	7 September 2016	3 years	8 months	3 months
Shaun Smith	20 April 2016	3 years	3 months	3 months
Amanda Wills	20 April 2016	3 years	3 months	3 months

Ed Warner joined the Board with effect from 1 April 2019 for a term of 3 years, with a notice period of 3 months.

Paul Dollman joined the Board with effect from 1 May 2019 for a term of 3 years, with a notice period of 3 months.

Shaun Smith will stand down on 26 June 2019 following the AGM.

Terms and conditions for the Chair and Non-executive Directors

The Chair'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 Chair is entitled to hold other directorships provided such appointment does not interfere with his position at the Company.

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

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

No Non-executive 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.

This section of the report sets out the Annual Report on Remuneration for the year ended 31 January 2019.

Remuneration Committee structure

The Committee is constituted as a formal sub-committee of the Board with its own terms of reference. Its primary role is to review and set the remuneration policy for the Executive Directors, within the context of salaries and benefits paid across the Group as a whole, and making discretionary performance-related awards to the executive directors. The full Board agrees the remuneration of the Chair 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:

Amanda Wills (Chair)

Peter Saunders (deceased 28 August 2018)

Richard Jackson

Shaun Smith

Ed Warner (joined the Board and became a member of the Committee on 1 April 2019)

Paul Dollman (joined the Board and became a member of the Committee on 1 May 2019)

In addition, the Chief Executive Officer, Chief Financial Officer and Group HR Director 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 seven times during the year. The terms of reference for the Committee can be viewed on the Company's website at airpartner.com.

Advisers to the committee

The Committee can and did obtain information and advice during the period under review from the Group HR Director, Craig Pattison (from 17 July 2018) and the Interim Group HR Director, Kathy Poole (until 13 July 2018), the Group Legal Counsel and Company Secretary, Tracy Beicken (until 31 July 2018), the Company Secretary, Judith Banks (from 6 November 2018), and the Executive Directors, Neil Morris (until 13 April 2018), Joanne Estell (from 10 September 2018) and Mark Briffa, and may seek advice from any other employees as required.

The Committee received advice during the period under review from h2glenfern. h2glenfern was appointed to provide advice to the Committee following a tender process in 2015. 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. h2glenfern does not provide other services to the Group and has no other connection with the Company or individual Directors. The Committee has therefore satisfied itself that advice provided by h2glenfern was objective and independent. Fees of £10,000 on a time spent basis were payable to h2glenfern during the year.

The Committee may also obtain, at the expense of the Company, any necessary legal or professional advice.

Directors' remuneration for the year ended 31 January 2019 (audited)

The following table provides details of the directors' remuneration for the year ended 31 January 2019, together with their remuneration for the year ended 31 January 2018:

	Salary		Taxable benefits		Bonus		Gain on vesting of share options		Pension		Total	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Executive Directors												
Mark Briffa ¹	263	255	20	21	—	164 ²	492	221	30	30	805	691
Joanne Estell ³	75	—	4	—	—	—	—	—	8	—	87	—
Neil Morris ⁴	192	156	2	14	—	—	—	—	4	16	198	186
Non-executive Directors												
Peter Saunders ⁵	35	50	—	—	—	—	—	—	—	—	35	50
Richard Jackson	43	33	—	—	—	—	—	—	—	—	43	33
Shaun Smith	35	35	—	—	—	—	—	—	—	—	35	35
Amanda Wills	35	33	—	—	—	—	—	—	—	—	35	33
Total	678	562	26	35	—	164	492	221	42	46	1,238	1,028

1. £20,000 of the pension is paid as a cash allowance.

2. The full annual bonus is shown in the table above. This was paid as 50% in cash and the remaining 50% was used to purchase of shares which are to be held for a minimum of two years.

3. Joanne Estell joined the board on 10 September 2018. No buy out awards were made.

4. Neil Morris resigned on 13 April 2018. The above relates to pay in lieu of notice.

5. Peter Saunders deceased on 28 August 2018.

Benefits in kind

Executive Directors receive a benefits package including a car allowance, health insurance, life assurance, critical illness cover, subsidised sports club or gym membership and home telephone and internet facility.

None of the Executive Directors have a prospective right to a defined benefits pension with the Company.

Annual bonus (audited)

The bonus payment for the CEO is based on the following weighting: 70% relating to the Group's underlying profit before tax result above threshold and 30% attributable to achievement against personal objectives. For reference, the underlying profit before tax threshold for the financial year ended 31 January 2019 was £6.0m and for the financial year ended 31 January 2018 was £5.3m.

Based on the Group underlying profit before tax performance for the current financial year, 0% of the Group element of the bonus is payable. Despite strong personal KPI performance of the CEO and CFO, due to the underlying performance of the business, no bonus will be payable to the Executive Directors for the period ending 31 January 2019.

Directors' remuneration report *continued*Annual Report on Remuneration *continued***Annual bonus (audited)** *continued*

	Profit before tax (70%)				KPI (30%)	% Payable
	Threshold	Target	Stretch	Actual		
Mark Briffa	6.0	6.7	7.4	5.8	See table below	—
Joanne Estell	6.0	6.7	7.4	5.8	See table below	—

Profit before income tax, exceptional and other items.

Below is a summary of the personal objectives and achievements for the CEO:

KPI	Achievement
Deliver targeted £6.3m underlying profit before tax (PBT)	Not achieved. Original PBT impacted by the accounting review
Upskill and strengthen the Senior Executive Team at Operating Board level, ensuring clear succession plans are in place	Achieved
Develop and deliver operating unit strategy	Achieved
Deliver key appointments within the future organisational design into the business by year end 2018/2019	New CFO and new Group HR Director appointed
Refresh and redesign the Company website to support the product and Group strategy	Carried forward to 2019/2020 due to accounting issues

Below is a summary of the personal objectives and achievements for the CFO:

KPI	Achievement
Run the budget process for 2019/2020 ensuring sign off at Board level	Achieved
Make improvements to reporting procedures to the satisfaction of the Board	Achieved
Appoint an internal auditor/risk compliance programme for the Group	Head of Risk and Assurance Manager appointed. Audit programme designed and signed off by Operating Board and Audit Committee 60% of the programme has been completed. The remainder has been carried forward to 2019/2020
Demonstrate tangible improvements against the comprehensive workplan resulting from the accounting review	Ongoing. Significant progress made. Refer to the CFO review on page 29. Remainder carried forward to 2019/2020

Payments to former Directors (audited information)

There were no payments to former Directors made in the year.

Payments for loss of office (audited information)

Neil Morris was paid in lieu of notice the sum of £157,590.

Share options

None of the Executive Directors hold any unexpired share options.

Long Term Incentive Plan (LTIP) (audited)

Name	Date of Grant	Number of options					31 January 2019	Award			
		31 January 2018	Granted	Exercised	Expired	Lapsed		Size (% salary)	Exercise price	Earliest date of exercise	Expiry date
Mark Briffa	3 Jun 2015	435,485	—	435,485	—	—	—	150	0.0p	04 Jun 2018	04 Jun 2025
	29 June 2016	552,080	—	—	—	—	552,080	150	0.0p	29 Jun 2019	29 Jun 2026
	10 July 2017	173,611	—	—	—	—	173,611	75	0.0p	10 July 2020	10 July 2027
	23 July 2018	—	177,273	—	—	—	177,273	83	0.0p	23 July 2021	23 July 2028
Total		1,161,176	177,273	435,485	—	—	902,964				

2015

The face value of awards made to Mark Briffa on 3 June 2015 was £340,000. This is calculated based on a closing share price of 389.0p on 3 June 2015. Prices quoted are pre-share split. 5p shares split into 5 x 1p shares on 31 January 2017. The corresponding post share split share price is 77.8p.

The awards granted are subject to the achievement of performance and employment conditions as specified by the Remuneration Committee.

Vesting of the grant 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 2015 awards were vested in full due to the performance criteria being achieved.

Measure	Weighting	Performance period	Performance	% of award vesting	Outturn	% Vesting
Earnings per share (EPS)	50%	1 February 2015 to 31 January 2018	Below RPI + 15% pa	Nil	23.8%	100%
			RPI + 15% pa	25%	86th	
			Above RPI + 20% pa	100%		
Total Shareholder Return (TSR)	50%	1 February 2015 to 31 January 2018	Below 50th percentile	Nil		100%
			50th percentile	25%		
			Above 75th percentile	100%		

Directors' remuneration report *continued*

Annual Report on Remuneration *continued*

Long Term Incentive Plan (LTIP) (audited) *continued*

2016 & 2017

The face value of awards made to Mark Briffa on 29 June 2016 is £408,539. This is calculated based on a closing share price of 370.0p on 29 June 2016. The number of LTIPs awarded was determined from the closing share price the day prior to grant (339.6p per share) and the Executive Directors' salaries at the date of grant. Prices quoted are pre-share split.

The face value of awards made to Mark Briffa on 10 July 2017 was £177,083. This is calculated based on a share price of 102.0p on 10 July 2017. The number of LTIPs awarded was determined from the closing share price prior to grant (108.0p per share) and the salary at the date of grant.

The awards are subject to the achievement of performance and employment conditions as specified by the Remuneration Committee.

Two-thirds of the award (66.67% of the award) will be subject to an EPS compound annual growth target which will be in addition to any increase in the Consumer Price Index (CPI), as follows:

- 100% vest if performance greater or equal to CPI +10% per annum.
- 25% vest if performance equal to CPI +5% per annum.
- 0% will vest if performance below CPI +5% per annum.

For intermediate performance between CPI +5% pa and CPI +10% pa vesting will occur on a straight-line basis.

The remaining one-third of the award (33.33% of the award) will be subject to an absolute TSR performance condition as follows:

- 100% vest if TSR growth greater or equal to 16% pa returns.
- 25% vest if TSR growth equal to 9% pa returns.
- 0% will vest if TSR growth below 9% pa returns.

For intermediate performance between 9% pa returns and 16% pa returns, vesting will occur on a straight-line basis.

2018

The face value of awards made to Mark Briffa on 23 July 2018 was £213,969. This is calculated based on a share price of 120.7p on 23 July 2018. The number of LTIPs awarded was determined from the closing share price prior to grant (121.0p per share) and the salary at the date of grant.

The awards are subject to the achievement of performance and employment conditions as specified by the Remuneration Committee.

Two-thirds of the award made on 23 July 2018 (66.67% of the award) will be subject to an EPS compound annual growth target which will be in addition to any increase in the CPI, as follows:

- 100% vest if performance greater or equal to CPI +12.5% per annum.
- 25% vest if performance equal to CPI +7.5% per annum.
- 0% will vest if performance below CPI +7.5% per annum.

For intermediate performance between CPI +7.5% pa and CPI +12.5% pa vesting will occur on a straight-line basis

The remaining one-third of the award (33.33% of the award) will be subject to an absolute TSR performance condition as follows:

- ▶ 100% vest if TSR growth greater or equal to 16% pa returns.
- ▶ 25% vest if TSR growth equal to 9% pa returns.
- ▶ 0% will vest if TSR growth below 9% pa returns.

For intermediate performance between 9% pa returns and 16% pa returns, vesting will occur on a straight-line basis.

The underlying EPS for the base year ending 31 January 2019 has been calculated as 9.6p.

The market price per share at 31 January 2019 was 91.9p (31 January 2018: 142.5p) and ranged between 74.0p and 153.3p during the year. The average price during the year ended 31 January 2019 was 109.6p (31 January 2018: 124.3p).

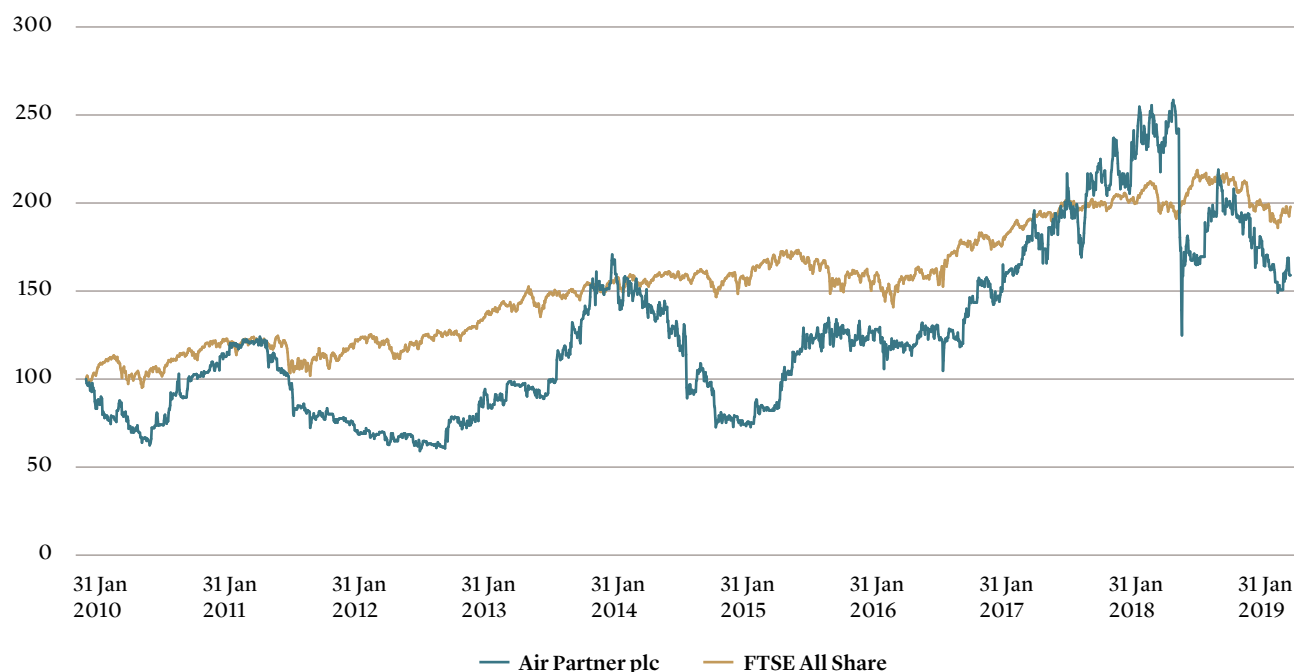
Payment table of employee wages and other Company metrics

	2019	2018 (as restated)	% variance
Total employee pay compared to prior period (£m)	20,415	20,305	0.54
Profit before tax (£m)	3,369	4,752	29.1
Total dividends paid and declared (pence)	5.60	5.50	1.8

Profit before tax has been used as a comparison as it is a key financial metric which the Board considers when assessing Company performance.

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 past eight financial years compared with the FTSE All Share Index.



Note: For the period of suspension in June 2018, we have assumed a constant TSR based on the date of suspension (31 May 2018).

Directors' remuneration report *continued*Annual Report on Remuneration *continued***Performance graph and CEO remuneration table** *continued*

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 %	vesting rates against maximum opportunity %
2019 ¹	805	—	84.0
2018	691	64.3	100
2017	652	50.1	65.5
2016	570	73.9	—
2015	271	—	—
2014 – 18 months	656	92.8	66.7
2012	249	16.8	—
2011	369	100	—

1. The 2019 CEO single figure includes a £492,098 gain on vested LTIPs.

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 2019, on an annualised basis, and 31 January 2018.

All UK employees employed by the Group in both January 2018 and January 2019 were chosen as the most appropriate comparator group as this includes senior executives and excludes international employees who are on different pay structures.

%	Salary	Benefits	Annual bonus
CEO	2.0	(7.2)	(100.0)
Average pay based on all of the Group's UK employees	5.3	8.6	(100.0)

Directors' beneficial interests in shares (audited)

The Directors who held office during the year had the following beneficial interests in ordinary shares of 1p each in the Company, fully paid up, at the beginning of the year and end of the year:

	31 Jan 19	31 Jan 18
Mark Briffa ¹	538,102	307,295
Neil Morris (resigned 13 April 2018)	2,153	10,000
Joanne Estell ²	—	—
Peter Saunders	50,000	25,000
Shaun Smith	11,635	11,635
Richard Jackson	12,500	—
Amanda Wills	—	—

1. Mark Briffa's holding is above the 100% shareholding target.

2. Joanne Estell joined the Board on the 10 September 2018. Joanne's target holding is 50% salary over a 5-year period.

Shareholder voting

At the 2018 AGM, the results of the votes on the Directors' Remuneration Report were:

	Number of votes	% of votes cast
For (including discretionary)	14,679,593	98.94
Against	124,396	0.84
Votes withheld	32,645	0.22

Remuneration in 2019/2020

The Remuneration Committee has set stretching targets for both Group financial performance and personal objectives 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. As in previous year, the performance measures and weightings for both the CEO and CFO are underlying profit before tax (70%) and personal objectives (30%). Retrospective disclosure will be made in next year's Annual Report.

The company will determine the performance conditions to be applied to the 2019 LTIP awards at the point of award and disclose them in the announcement at that point and in next year's Annual Report.

The Directors' Remuneration Report was approved by the Board on 9 May 2019 and is signed on its behalf by:



Amanda Wills

Chair of the Remuneration Committee

9 May 2019

**Risk management
and internal control**

During the year, the 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 2019 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 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, and monthly to monitor overall performance;
- ▶ clearly defined authority limits and controls are in place over contract signing limits, purchasing commitments and the extension of credit to clients. Adherence to these limits and controls are tested on an ongoing basis as part of the internal audit process;
- ▶ the Group 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 maintained by the Operating Board and reported to the Audit and Risk Committee. The risk register and the methodology applied is the subject of continuous review by the Operating Board 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 the Operating Board to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on pages 35 to 42; 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.

As detailed extensively in the Audit and Risk Committee Report, there has been a thorough examination of the Group's internal control and risk management systems during the year. Whilst the focus has been on the learnings from the accounting misstatements and the resultant control improvement plan, the Risk Management Framework has also considered material financial, operational and compliance controls. The Board has 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.

UK Corporate Governance Code**E. Relations with shareholders*****E.1 Dialogue with shareholders***

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

E.2 Constructive use of general meetings

The Board welcomes the opportunity to engage with shareholders at the Annual General Meeting. All Directors attend the AGM and are available to answer questions before, during and after the meeting.

Relations with shareholders

The Board recognises the importance of effective communication with shareholders, analysts and the financial press and seeks to maintain a mutual understanding of objectives between the Company and both institutional and private individual shareholders. Communication 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. The Chair also aims to meet with significant shareholders on a regular basis. 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 AGM. The Chair of the Board and the Chair of each Committee of the Board will be available at the AGM to answer any questions from shareholders. During the year under review, the AGM was held in July 2018 and each member of the Board attended and was available to take questions.

All shareholders are entitled to vote on the resolutions put to the AGM and all votes cast are 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, are given at the meeting. They are made public by means of an announcement through a Regulatory News Service and published on the Company's website, www.airpartner.com/en/investors.

The 2019 AGM will be held at 11:00 on Wednesday 26 June 2019 at 2 City Place, Beehive Ring Road, Gatwick RH6 OPA. The Notice of AGM can be found on pages 147 to 157 and is being delivered by provision of the Annual Report to shareholders at least 21 clear 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. The Notice of AGM will be available to download from the Investors section on the Company's website, www.airpartner.com/en/investors.

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/en/investors. This site also provides contact details for any investor-related queries.

The Directors present their Annual Report on the affairs of Air Partner plc, together with financial statements and Auditors' Report for the year ended 31 January 2019.

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, and is incorporated into this report by reference:

- ▶ corporate information on page 158;
- ▶ results and dividend in the Chair's Statement on pages 6 and 8;
- ▶ corporate governance and the Group's financial risk management objectives and policies in the Corporate Governance Statement on pages 43 to 51;
- ▶ financial instruments on pages 129 to 134;
- ▶ details of the salaries, bonuses, benefits and share interests of Directors in the Directors' Remuneration Report on pages 56 to 77;
- ▶ Directors' Responsibility Statement on page 83;
- ▶ employee relations and equal opportunities in our Business model on pages 9 to 11 and Chief Executive's Review on pages 14 to 16; and
- ▶ likely future developments in the Group's businesses and all post-balance sheet events are disclosed within the Strategic Report on pages 1 to 42.

Management Report

The Strategic Report on pages 1 to 42 and this Directors' Report, with its inclusions as indicated above, form the Management Report as required by DTR 4.1.5R.

Directors and Directors' interests

The names of the Directors of the Company including biographical details of the Directors are shown on page 47 and changes to directorships during the reporting period are shown on page 51. Details of Directors' interests in the shares of the Company are shown on page 76.

Information on those Directors who will be offering themselves for election by shareholders at the 2019 AGM are included in the Notice of Meeting on pages 147 to 157 and in the biographical details on page 47. 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 that 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. The Company's Articles of Association are available online at www.airpartner.com/en/investors.

Substantial shareholdings

As at 1 May 2019, 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 holding	Nature of holding
Sanford DeLand Asset Management	10,400,000	19.89	Indirect
Schroder Investment Management	7,667,997	14.66	Indirect
Aberforth Partners	4,538,030	8.68	Indirect
Hargreaves Lansdown Asset Management	4,538,030	8.41	Indirect

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

Share capital structure, buying back and shareholder rights

The authorised share capital of the Company is £750,000 divided into 75,000,000 ordinary shares of 1 pence each. A resolution to revoke the restriction on authorised share capital of the Company will be put to the 2019 AGM. The Company has one class of ordinary shares which 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 1 pence each issued and fully paid at 31 January 2019 was 52,217,565. No new shares have been issued during the year. No shares were bought back during the year.

Options outstanding under all employee share schemes amounted to 3.51% of the Company's issued share capital as at 31 January 2019. This includes options granted which have not yet vested. The nominal value of shares in respect of which awards are granted on any date shall not exceed 10% of the nominal amount of the Company's equity share capital on the date of the award. Under the Articles of Association, the Company has authority to issue 75,000,000 ordinary shares and a resolution to revoke the restriction on authorised share capital of the Company will be put to the 2019 AGM. 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 AGM to replace the authorities granted in 2018.

The Trust holds ordinary shares in the Company in order to satisfy options under the Group's share option schemes. At 31 January 2019, the number of ordinary shares held by the Trust was 146,883. Shares held by the Trust abstain from voting and are not entitled to receive dividends. A further 181,820 shares are held by the Trust in a nominee capacity for a beneficiary of the Trust.

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.

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 its 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 established branches in Austria and Singapore.

Greenhouse gas emissions

	2019 Global tonnes of CO ₂ e	2018 Global tonnes of CO ₂ e
Vehicles	45	44
Electricity	396	387
Total	441	431

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.

Greenhouse gas emissions

continued

Given the Group's operations, CO₂e emissions are restricted to office use and the operation of a relatively small number of vehicles. In the case of offices, occupation is within a multi-occupied building for all of the Group's subsidiaries without separate metering for individual usage by each tenant. Accordingly, an estimate has been used.

Political contributions

There were no political contributions during the year (2018: £nil).

Directors' statements

As required under the Companies Act 2006, the UK Corporate Governance Code 2016 and the Disclosure and Transparency Rules (DTRs), various statements have been made by the Board as set out on pages 43 and 83 and are incorporated into this report by reference.

Following a competitive tender process, PricewaterhouseCoopers LLP have conducted the audit of the Group's financial statements for the financial year to 31 January 2019.

In accordance with Section 489 of the Companies Act 2006, a resolution to appoint PricewaterhouseCoopers LLP as the statutory auditors will be proposed at the 2019 AGM.

Annual General Meeting

The 2019 AGM will be held at 11.00am on Wednesday 26 June 2019 at 2 City Place, Beehive Ring Road, Gatwick RH6 0PA. The Notice of AGM to shareholders can be found on pages 147 to 157 and is being delivered by provision of the Annual Report at least 21 clear 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.

The Notice of AGM is available to download from the Investors section on the Company's website. As per the decision taken in 2018, proxy cards for the 2019 AGM will not be sent to shareholders unless specifically requested.

The Directors' Report was approved by the Board on 9 May 2019 and is signed by order of the Board by:



Judith Banks
General Counsel and
Company Secretary

9 May 2019

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- ▶ make judgements and accounting estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent company's performance, business model and strategy.

Each of the directors, whose names and functions are listed on page 47 confirm that, to the best of their knowledge:

- ▶ the group and parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group and profit of the parent company; and
- ▶ the Directors' Report includes a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- ▶ so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- ▶ they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

The Directors' statements were approved by the Board on 9 May 2019 and signed on its behalf by:



Mark Briffa
Chief Executive Officer



Joanne Estell
Chief Financial Officer

9 May 2019

Financial statements and shareholder information

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Independent auditors' report

to the members of Air Partners plc

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, Air Partner plc's group financial statements and company financial statements (the "financial statements"):

- ▶ give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2019 and of the group's profit and the group's and the company's cash flows for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- ▶ 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.

We have audited the financial statements, included within the Annual Report 2019 ("Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 January 2019; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for qualified opinion

The prior year Annual Report and Accounts included disclosure in the Audit and Risk Committee Report and in note 2 to the financial statements of accounting issues which arose in accounting periods dating back at least as far as the year ended 31 July 2011. The issues included certain inappropriate financial journals deliberately processed without effective review to conceal accounting issues including unreconciled statement of financial position accounts and recoverability issues on a major account. In certain cases, supporting accounting records were inappropriately created and manipulated in order to avoid detection of the accounting issues. An accumulated £4.4m gross overstatement of net assets was identified although it was not possible to identify which accounting periods and line items this adjustment related to. It was therefore apportioned on a straight line basis from 31 July 2011 to 31 January 2018. The predecessor auditor's opinion was qualified accordingly. Our opinion on the current period financial statements is also qualified solely in respect of the possible effect of this matter on the comparability of the current period's figures in the consolidated income statement, consolidated and company statements of changes in equity, consolidated and company statements of financial position, consolidated and company statements of cash flows and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 February 2018 to 31 January 2019.

Our audit approach

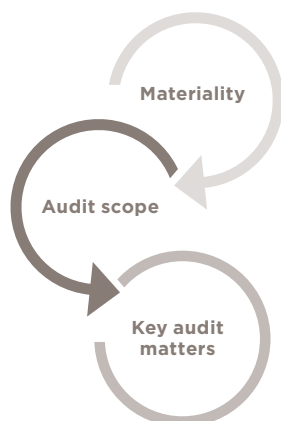
Context

This is our first year as auditors. As a result of the matter explained in the Basis for qualified opinion above, and in the key audit matters below, the predecessor auditor issued a qualified opinion on the financial statements for the year ended 31 January 2018. We took this into account in planning our audit, including our assessment of the risk of material misstatement.

Report on the audit of the financial statements *continued*

Our audit approach *continued*

Overview



- ▶ Overall group materiality: £290,000, based on 5% of profit before income tax and exceptional and other items.
- ▶ Overall company materiality: £226,000, based on 5% of profit before income tax and exceptional and other items.
- ▶ We performed full scope audit procedures on four trading entities. We then extended our testing in relation to revenue and costs for one further trading entity to ensure that we achieved required levels of audit coverage. Overall, these audit procedures provided coverage of 85% of consolidated gross profit and 95% of consolidated profit before income tax and exceptional and other items.
- ▶ Of the four full scope audits, three audits were performed by the group engagement team based in the UK. For one entity, Air Partner SAS, a separate Deloitte component audit team based in France performed the audit under instruction from the group team. The risks for Air Partner SAS were agreed with the component team prior to the work commencing. The group engagement team reviewed the work of the Deloitte component audit team in France during the course of their audit and attended the clearance meeting to discuss the audit work and findings. As part of the review and supervision of the French component audit team, senior members of the group engagement team visited France on a number of occasions to evaluate the work performed, including reviewing relevant audit working papers.
- ▶ Specified procedures were then completed on revenue and costs for Air Partner GmbH to provide additional coverage. This work was performed by the group engagement team.
- ▶ Additionally, the group engagement team performed additional audit work over tax balances, share based payments, business combinations including consideration of management's goodwill impairment review and the group consolidation as these items are controlled centrally.
- ▶ Revenue recognition – agent versus principal complexity risk (group and company).
- ▶ Impairment of goodwill and intangible assets (group).
- ▶ Accuracy of opening balances (group and company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules, UK tax legislation and equivalent local laws and regulations applicable to the significant components, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries to misstate revenue or reduce expenditure, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- ▶ Discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulation and fraud;
- ▶ Challenging assumptions made by management in their significant accounting estimates in particular in relation to goodwill impairment assumptions (see key audit matters below);

Report on the audit of the financial statements *continued*

Our audit approach *continued*

Capability of the audit in detecting irregularities, including fraud *continued*

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journals posted by senior management, and consolidation journals; and
- Review of disclosures included in the financial statements to underlying supporting documentation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition – agent versus principal complexity risk (group and company)</p> <p>In the Air Charter business revenue contracts are either entered into by the group and company as a principal or as an agent. Whether the group and company acts in a principal or agent capacity is dependent on contract terms and whether the group and company or the airline carry the risks of the service delivery to the customer.</p> <p>Where acting as principal all revenue and related costs are recognised from the contract. Where acting as an agent only the commission revenue is recognised.</p> <p>A judgement is also made over the timing of revenue recognition at either the booking date or the departure date; once the performance obligations are met.</p> <p>Whether the group and company acts as agent or principal and whether it recognises revenue on booking or departure date is subject to a degree of judgement. As a result there is an increased risk that the group's and company's revenue will be misstated if judgements are not applied appropriately.</p> <p>We consider these judgements in light of IFRS 15.</p> <p>Further information is set out in notes 2, 3 and 37 in the financial statements.</p>	<p>We reviewed the IFRS 15 accounting policy paper prepared by management and considered both the timing of recognition of revenue and whether the group and company are acting as agent or principal.</p> <p>We agreed with the management's interpretation of a situation when the group or company act as agent or principal and the timing of revenue recognition.</p> <p>We reviewed a sample of contracts to assess whether management has recorded revenue in line with the terms of their IFRS 15 paper.</p> <p>We challenged the timing of when to recognise revenue in respect of agency agreements. We discussed performance obligations with the group's operations team, reviewed relevant contracts and concluded the performance obligations are satisfied on flight departure date.</p> <p>We agreed with management that revenue relating to certain additional types of customer contracts should be recognised as principal rather than agent and ensured that management made appropriate adjustments to the financial statements to record revenue of this nature.</p> <p>In addition to the above, during the course of our work, we also identified an error in the prior year totalling £11m where the group was acting as a principal but had disclosed revenue as an agent. We ensured management made appropriate adjustments to the financial statements for this error.</p> <p>These adjustments resulted in both revenue and cost of sales being increased by two adjustments for £11m and £15m with no impact on gross profit.</p>

Independent auditors' report *continued*

to the members of Air Partners plc

Report on the audit of the financial statements *continued*

Our audit approach *continued*

Key audit matters *continued*

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of goodwill and intangible assets (group)</i></p> <p>The group's consolidated statement of financial position as at 31 January 2019 includes goodwill of £6.8m and other intangible assets relating to acquisitions of £3.6m.</p> <p>The carrying value of goodwill and other intangible assets is contingent on future cash flows. There is a risk that, if these cash flows do not meet management's expectations, these intangible assets will be impaired.</p> <p>The impairment reviews performed by the group contain a number of significant estimates including revenue growth, profit margins, long-term growth rate, terminal values and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.</p> <p>The above factors represent a risk that the balance of goodwill and other intangible assets could be misstated.</p> <p>Further information is set out in note 13 in the financial statements.</p>	<p>We obtained the group's impairment analyses and, other than an impairment trigger relating to SafeSkys Limited, did not identify any other cash generating units which required a detailed impairment assessment to be conducted.</p> <p>In respect of SafeSkys Limited, we obtained management's impairment model and tested the reasonableness of key assumptions, including profit and cash flow growth or decline, terminal values and the discount rate. We also involved our valuations experts to benchmark the discount rate used by management in the impairment analyses.</p> <p>We challenged management to substantiate its assumptions, including a 'look-back' analysis to compare management's assumptions in prior year budgets with the current year's actuals.</p> <p>We verified the mathematical accuracy of supporting calculations. We obtained and evaluated management's sensitivity analyses to ascertain the impact of changes in key assumptions and we performed our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment.</p> <p>As a result of our work, we determined that the carrying values of goodwill and intangible assets in respect of SafeSkys Limited remain appropriate.</p> <p>We reviewed the disclosures made in the financial statements, including sensitivity analysis and the reasonably possible downsides. We are satisfied that these disclosures are appropriate.</p>
<p><i>Accuracy of opening balances (group and company)</i></p> <p>As a result of historic fraud in the UK as explained in the accounting policies in note 2 to the accounts, the audit opinion by the prior auditors was modified for the year ended 31 January 2018.</p> <p>Whilst the previous auditors concluded the group and company's statement of financial position was not materially misstated, our materiality benchmark is lower and we have a greater period of hindsight to assess the accuracy of the opening statements of financial position.</p> <p>As a result, we reassessed the risk of a material misstatement in the 31 January 2018 statements of financial position.</p> <p>Further information is set out in note 37 in the financial statements.</p>	<p>We reviewed the working papers of the prior auditors to assess whether the previous conclusions reached were reasonable.</p> <p>We enquired of management as to their responses to the prior year irregularities and confirmed that no further matters had been identified in respect of prior year irregularities which need to be reflected beyond what has been restated in the current year.</p> <p>We tested a sample of opening account balances across the group and company that were subject to the accounting irregularities in the prior year to confirm there are no further material adjustments.</p> <p>As a result of our work, we identified a number of items that could be corrected in the prior year but in aggregate these corrections are not considered material and we are satisfied that the 31 January 2018 statements of financial position are not materially misstated.</p>

Report on the audit of the financial statements *continued*

Our audit approach *continued*

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Of the fourteen trading companies, two of these are considered to be significant components of the group, Air Partner plc in the UK and Air Partner Inc. in the USA, on which we have performed full-scope audits, all of which are 100%-owned subsidiaries of the group. For additional coverage we have also engaged a Deloitte component team based in France to perform a full scope audit on Air Partner International S.A.S. in France and the group engagement team have performed a full scope audit of Baines Simmons Limited in the UK. Finally, we have performed specified procedures on revenue and costs in Air Partner GmbH in Germany.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£290,000	£226,000
How we determined it	5% of profit before income tax and exceptional and other items.	5% of profit before income tax and exceptional and other items.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before income tax and exceptional and other items, as defined by management in note 7 to the financial statements, is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	Based on the benchmarks used in the annual report, profit before income tax and exceptional and other items, as defined by management in note 7 to the financial statements, is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £108,000 to £250,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £14,500 (group audit) and £11,300 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Independent auditors' report *continued*

to the members of Air Partners plc

Report on the audit of the financial statements *continued*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (as set out on pages 43 to 55) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (as set out on pages 43 to 55) with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the company. (CA06)

Report on the audit of the financial statements *continued*

Reporting on other information *continued*

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- ▶ The directors' confirmation on page 78 of the Annual Report 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 in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- ▶ The directors' explanation on page 54 of the Annual Report 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 have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- ▶ The statement given by the directors, on page 83, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- ▶ The section of the Annual Report on page 54 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- ▶ The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 83, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report *continued*

to the members of Air Partners plc

Report on the audit of the financial statements *continued*

Responsibilities for the financial statements and the audit *continued*

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work described in the Basis for qualified opinion paragraph above relating to the corresponding figures:

- ▶ we have not received all the information and explanations that we considered necessary for the purpose of our audit; and
- ▶ we were unable to determine whether adequate accounting records had been kept by the parent company.


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

- ▶ returns adequate for our audit have not been received from branches not visited by us; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 22 November 2018 to audit the financial statements for the year ended 31 January 2019 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.



Michael Jones (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

9 May 2019

Consolidated income statement

for the year ended 31 January 2019

	Note	Year ended 31 January 2019 £'000	Year ended 31 January 2018 as restated ¹² £'000
Continuing operations			
Gross transaction value (GTV)	2	273,348	261,317
Revenue	3	77,461	74,308
Gross profit	4	35,458	34,668
Administrative expenses before exceptional and other items		(29,039)	(28,726)
Exceptional and other items	7	(2,445)	(1,011)
Total administrative expenses		(31,484)	(29,737)
Net impairment losses on financial assets		(413)	(52)
Operating profit	5	3,561	4,879
Operating profit before exceptional and other items		6,006	5,890
Finance income	9	32	11
Finance costs	9	(224)	(138)
Finance costs – net		(192)	(127)
Profit before income tax		3,369	4,752
Profit before income tax and exceptional and other items		5,814	5,763
Income tax expense	10	(484)	(1,172)
Profit for the year		2,885	3,580
Attributable to:			
Owners of the parent company		2,885	3,580
Earnings per share:			
Continuing operations			
Basic	12	5.6p	6.9p
Diluted	12	5.4p	6.7p

1 Revenue has been restated for the prior year following the introduction of IFRS 15 and for misstatement. Please refer to note 3 and note 37 for further detail.

2 Gross profit and administrative expenses before exceptional and other items have been restated for the prior year. Please refer to note 37 for further detail.

Consolidated statement of comprehensive income

for the year ended 31 January 2019

	Year ended 31 January 2019 £'000	Year ended 31 January 2018 £'000
Profit for the year	2,885	3,580
Other comprehensive income/(expense) – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	26	(372)
Total comprehensive income for the year	2,911	3,208
Attributable to:		
Owners of the parent company	2,911	3,208

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 31 January 2019

	Share capital £'000	Share premium account as restated ¹ £'000	Merger reserve as restated ¹ £'000	Own shares reserve as restated ² £'000	Translation reserve £'000	Retained earnings as restated ^{2,3} £'000	Total equity as restated ^{2,3} £'000
Opening equity as at 1 February 2017 (as previously stated)	522	4,755	354	(672)	1,410	4,588	10,957
Restatements	—	59	(59)	—	—	(115)	(115)
Opening equity as at 1 February 2017 (as restated)	522	4,814	295	(672)	1,410	4,473	10,842
Profit for the year	—	—	—	—	—	3,580	3,580
Exchange differences on translation of foreign operations	—	—	—	—	(372)	—	(372)
Total comprehensive (expense)/income for the year	—	—	—	—	(372)	3,580	3,208
Transactions with owners of the Company:							
Share option movement in the year	—	—	—	(500)	—	401	(99)
Share options exercised during the year	—	—	—	424	—	(215)	209
Dividends paid (note 11)	—	—	—	—	—	(2,752)	(2,752)
Total transactions with owners of the Company	—	—	—	(76)	—	(2,566)	(2,642)
Closing equity as at 31 January 2018 (as restated)	522	4,814	295	(748)	1,038	5,487	11,408

	Share capital £'000	Share premium account as restated ¹ £'000	Merger reserve as restated ¹ £'000	Own shares reserve as restated ² £'000	Translation reserve £'000	Retained earnings as restated ^{2,3} £'000	Total equity as restated ^{2,3} £'000
Opening equity as at 1 February 2018 (as restated)	522	4,814	295	(748)	1,038	5,487	11,408
Profit for the year	—	—	—	—	—	2,885	2,885
Exchange differences on translation of foreign operations	—	—	—	—	26	—	26
Total comprehensive income for the year	—	—	—	—	26	2,885	2,911
Transactions with owners of the Company:							
Share option movement in the year	—	—	—	—	—	252	252
Share options exercised during the year	—	—	—	422	—	(422)	—
Dividends paid (note 11)	—	—	—	—	—	(2,890)	(2,890)
Total transactions with owners of the Company	—	—	—	422	—	(3,060)	(2,638)
Closing equity as at 31 January 2019	522	4,814	295	(326)	1,064	5,312	11,681

1 Share premium and merger reserve have been restated as explained in notes 28, 29 and 37.

2 The share option movement for the prior year has been restated by £70,000 as explained in notes 30 and 37.

3 Retained earnings have been restated for the effects of the introduction of IFRS 9 Financial Instruments as explained in notes 2a and 37.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Company statement of changes in equity

for the year ended 31 January 2019

	Share capital £'000	Share premium account as restated ¹ £'000	Merger reserve as restated ¹ £'000	Own shares reserve as restated ² £'000	Retained earnings as restated ² £'000	Total equity £'000
Opening equity as at 1 February 2017 (as previously stated)	522	4,755	354	(672)	4,051	9,010
Restatements	—	59	(59)	—	—	—
Opening equity as at 1 February 2017 (as restated)	522	4,814	295	(672)	4,051	9,010
Profit for the year	—	—	—	—	3,389	3,389
Total comprehensive income for the year	—	—	—	—	3,389	3,389
Transactions with owners of the Company:						
Share option movement in the year	—	—	—	(500)	401	(99)
Share options exercised during the year	—	—	—	424	(215)	209
Dividends paid (note 11)	—	—	—	—	(2,752)	(2,752)
Total transactions with owners of the Company	—	—	—	(76)	(2,566)	(2,642)
Closing equity as at 31 January 2018	522	4,814	295	(748)	4,874	9,757

	Share capital £'000	Share premium account as restated ¹ £'000	Merger reserve as restated ¹ £'000	Own shares reserve as restated ² £'000	Retained earnings as restated ² £'000	Total equity £'000
Opening equity as at 1 February 2018 (as restated)	522	4,814	295	(748)	4,874	9,757
Profit for the year	—	—	—	—	5,100	5,100
Total comprehensive income for the year	—	—	—	—	5,100	5,100
Transactions with owners of the Company:						
Share option movement for the year	—	—	—	—	255	255
Share options exercised during the year	—	—	—	422	(422)	—
Dividends paid (note 11)	—	—	—	—	(2,890)	(2,890)
Transactions with owners of the Company	—	—	—	422	(3,057)	(2,635)
Closing equity as at 31 January 2019	522	4,814	295	(326)	6,917	12,222

1 Share premium and merger reserve have been restated as explained in notes 28, 29 and 37.

2 The share option movement for the prior year has been restated by £70,000 as explained in notes 30 and 37.

The above Company statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 January 2019

	Note	31 January 2019 £'000	31 January 2018 as restated ¹ £'000
ASSETS			
Non-current assets			
Goodwill	13	6,750	6,753
Other intangible assets	14	4,882	5,337
Property, plant and equipment	15	855	1,188
Deferred tax assets	25	365	497
Total non-current assets		12,852	13,775
Current assets			
Trade and other receivables	17	19,062	16,314
Current tax assets		313	683
<i>JetCard bank balances</i>		17,692	15,891
<i>Other cash and cash equivalents</i>		7,462	7,302
Total cash and cash equivalents	18	25,154	23,193
Total current assets		44,529	40,190
Total assets		57,381	53,965
LIABILITIES			
Current liabilities			
Trade and other payables	19	(8,044)	(6,717)
Current tax liabilities		(593)	(1,528)
Other liabilities	20	(3,736)	(4,925)
Deferred income and JetCard deposits		(25,412)	(24,293)
Derivative financial instruments	23	(8)	(12)
Deferred consideration	21	(800)	—
Provisions	22	(689)	(409)
Total current liabilities		(39,282)	(37,884)
Net current assets		5,247	2,306
Non-current liabilities			
Borrowings	18	(5,500)	(2,500)
Deferred consideration	21	—	(800)
Deferred tax liability	25	(700)	(775)
Provisions	22	(218)	(598)
Total non-current liabilities		(6,418)	(4,673)
Total liabilities		(45,700)	(42,557)
Net assets		11,681	11,408

Consolidated statement of financial position *continued*

	Note	31 January 2019 £'000	31 January 2018 as restated ¹ £'000
EQUITY			
Share capital	27	522	522
Share premium account	28	4,814	4,814
Merger reserve	29	295	295
Own shares reserve	30	(326)	(748)
Translation reserve		1,064	1,038
Retained earnings		5,312	5,487
Total equity		11,681	11,408

1 The consolidated statement of financial position at 31 January 2018 has been restated for the finalisation of the fair value of net assets arising on the acquisition of SafeSkys Limited in September 2017 and certain other restatements. Please see notes 31 and 37 for further details.

These financial statements on pages 93 to 146 were approved and authorised for issue by the Board of Directors on 9 May 2019 and were signed on its behalf by:



M A Briffa
Director



J E Estell
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Company statement of financial position

as at 31 January 2019

	Note	31 January 2019 £'000	31 January 2018 as restated ¹ £'000
ASSETS			
Non-current assets			
Intangible assets	14	956	1,045
Property, plant and equipment	15	450	616
Investments	16	12,173	12,350
Deferred tax assets	25	60	178
Total non-current assets		13,639	14,189
Current assets			
Trade and other receivables	17	17,131	17,309
Current tax assets		—	566
<i>JetCard bank balances</i>		12,635	7,486
<i>Other cash and cash equivalents</i>		3,101	—
Total cash and cash equivalents	18	15,736	7,486
Total current assets		32,867	25,361
Total assets		46,506	39,550
LIABILITIES			
Current liabilities			
Trade and other payables	19	(3,279)	(3,540)
Current tax liabilities		(171)	(976)
Other liabilities	20	(8,917)	(6,228)
Deferred income and JetCard deposits		(15,212)	(15,438)
Derivative financial instruments	23	(8)	(14)
Deferred consideration	21	(800)	—
Provisions	22	(277)	—
Total current liabilities		(28,664)	(26,196)
Net current assets/(liabilities)		4,203	(835)
Non-current liabilities			
Borrowings	18	(5,500)	(2,500)
Deferred consideration	21	—	(800)
Provisions	22	(120)	(297)
Total non-current liabilities		(5,620)	(3,597)
Total liabilities		(34,284)	(29,793)
Net assets		12,222	9,757

Company statement of financial position *continued*

	Note	31 January 2019 £'000	31 January 2018 as restated ¹ £'000
EQUITY			
Share capital	27	522	522
Share premium account	28	4,814	4,814
Merger reserve	29	295	295
Own shares reserve	30	(326)	(748)
Retained earnings		6,917	4,874
Total equity		12,222	9,757

1 The Company statement of financial position at 31 January 2018 has been restated for certain items. Please refer to note 37 for further details.

The parent company profit after tax for the financial year was £5,100,000 (2018: £3,389,000).

These financial statements were approved and authorised for issue by the Board of Directors on 9 May 2019 and were signed on its behalf by:



M A Briffa
Director



J E Estell
Director

Air Partner plc Registered no. 00980675

The above company statement of financial position should be read in conjunction with the accompanying notes.

Consolidated and Company statement of cash flows

for the year ended 31 January 2019

	Note	Group		Company	
		Year ended 31 January 2019 £'000	Year ended 31 January 2018 as restated ¹ £'000	Year ended 31 January 2019 £'000	Year ended 31 January 2018 £'000
Cash generated from/(used in) operations	32	3,097	10,956	9,202	(76)
- Interest received		32	11	—	4
- Interest paid		(224)	(138)	(224)	(139)
Income tax paid		(996)	(850)	(414)	(453)
Net cash inflow/(outflow) from operating activities		1,909	9,979	8,564	(664)
Investing activities					
- Purchases of property, plant and equipment	15	(136)	(433)	(85)	(170)
- Purchases of intangible assets	14	(351)	(204)	(329)	(185)
- Acquisition of subsidiaries	31	—	(1,974)	—	(2,200)
Net cash used in investing activities		(487)	(2,611)	(414)	(2,555)
Financing activities					
- Dividends paid to the Company's shareholders		(2,890)	(2,752)	(2,890)	(2,752)
- Proceeds on exercise of share options		—	269	—	269
- Purchase of own shares		—	(500)	—	(500)
- Increase in/(repayments of) borrowings		3,000	(457)	3,000	(457)
Net cash generated from/(used in) financing activities		110	(3,440)	110	(3,440)
Net increase/(decrease) in cash and cash equivalents		1,532	3,928	8,260	(6,659)
Opening cash and cash equivalents		23,193	19,795	7,486	14,202
Effect of changes in foreign exchange rates		429	(530)	(10)	(57)
Closing cash and cash equivalents		25,154	23,193	15,736	7,486

1 Net cash inflow from group operating activities and the purchases of fixed assets in 2018 have both been reduced by £275,000. There has not been an impact on cash and cash equivalents. Please refer to note 15 for further detail.

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' and 'non-JetCard cash' as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Total JetCard cash (see explanation below)	17,692	15,891	12,635	7,486
Non-JetCard cash	7,462	7,302	3,101	—
Cash and cash equivalents	25,154	23,193	15,736	7,486

JetCard cash is cash received from customers participating in the JetCard programme in advance of bookings being made. It is managed through segregated bank accounts set aside for these purposes and is not used for Air Partner's working capital needs.

The above consolidated and company statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 31 January 2019

1 General information

Air Partner plc (the Company) is a public listed company which is listed on the London Stock Exchange and incorporated and domiciled in the UK under registration number 00980675. The address of the registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 OPA. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 42.

2 Accounting policies

a) Basis of preparation of financial statements and accounting restatement

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretation Committee (IFRIC) 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 Company has been able to prepare its 31 January 2019 statement of financial position fully in accordance with applicable accounting standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value, and 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.

As a result of the accounting issue explained in the Financial Review and Audit and Risk Committee Report within the Annual Report for 2018, the Company had to estimate in which historical accounting periods the £4.4m (£4.0m net of an intended tax reclaim of £0.4m) accounting issue arose between years ended 31 July 2011 and 31 January 2018 as accurate prior period accounting records could not be recreated. Of the £4.4m identified, £0.9m is a known issue relating to the year ended 31 July 2011.

The Directors spread the accounting error of £4.4m as being £0.4m in the year ended 31 January 2018, £0.4m in the year ended 31 January 2017 and £3.6m in the years ended 31 July 2011 to 31 January 2016.

A straight-line approach was used as this was deemed the most appropriate way to account for the issue.

The £0.4m tax reclaim has since been agreed with the tax authorities and has therefore been included in the corporation tax calculations for the current year as shown in note 10.

Adoption of new and revised standards

The following new and revised standards and interpretations have been adopted in the current year.

IFRS 9

The Company has adopted IFRS 9 Financial Instruments on a fully retrospective basis. IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities and the adoption of IFRS 9 has not had a material effect on the Group's accounting policies related to financial instruments.

IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, a financial asset is classified as:

- ▶ amortised cost;
- ▶ fair value through other comprehensive income (FVTOCI) – debt investment;
- ▶ FVTOCI – equity investment; or
- ▶ fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are subject to new rules regarding provisions for impairment; however, as the Group has minimal financial assets (other than trade receivables) and a history of minimal impairments against these assets, the impact on transition is not material.

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime extended credit losses.

Notes to the financial statements *continued*

for the year ended 31 January 2019

2 Accounting policies *continued*

a) Basis of preparation of financial statements and accounting restatement *continued*

Adoption of new and revised standards *continued*

IFRS 9 *continued*

Please see note 17 for the impact which IFRS 9 has had on trade and other receivables on its adoption. IFRS 9 has had no impact on cash and cash equivalents and as the Company has no hedging arrangements there is no impact in these respects arising on adoption of the standard.

IFRS 15

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a five-step approach to revenue recognition and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The effect of initially applying IFRS 15 has been an equal reduction in both trade receivables and deferred income in respect of contracts where a customer has been invoiced by Air Partner in advance but the service was not delivered and payment was not received by the statement of financial position date. The statements of financial position at 31 January 2019 and 31 January 2018 include this adjustment. The timing of revenue recognition has not been affected by IFRS 15, under which revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations, and therefore there has been no effect upon the opening reserves at 31 January 2018 nor on the results for the year to 31 January 2019.

The Group has adopted this standard using the fully retrospective effect method and so has recognised the cumulative effect of applying the new standard at the beginning of this period with a restatement of comparative periods. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued income' and 'deferred income'; however, the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has not adopted the terminology used in IFRS 15 to describe such balances.

Apart from as described above, the application of IFRS 15 has not had a significant impact on the financial position of the Group.

The Group recognises broking revenues at the point of flight departure, including those of the JetCard programme, as this is considered to be the point at which contract performance obligations have been satisfied. The key judgement in relation to revenue recognition is the judgement of whether the Group is acting as principal or agent in transactions with customers. In making its judgement, management considers the detailed terms of sales transactions with customers in order to determine whether the Group is performing as the principal obligor. This assessment determines how revenue is recognised as either principal or agent in accordance with the criteria set out IFRS 15 and the Group has therefore re-reviewed this assessment. As a result of this review Air Partner is now considered to be principal in certain additional types of customer contracts rather than agent, as was the case before, and therefore the revenue for the previous year has been restated. This change has had no impact on gross profit.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, less VAT and other sales-related taxes.

A third balance sheet at 31 January 2017 is not required as there would be no changes to net assets if a prior year restatement were to be made.

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

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation for accounting periods beginning after the date on which the Group's financial statements for the current year commenced.

2 Accounting policies *continued*

a) Basis of preparation of financial statements and accounting restatement *continued*

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

Effective after 31 January 2019	Effective for accounting periods beginning on or after	Endorsed by the EU
New standards		
IFRS 16 Leases	1 January 2019	Yes
IFRS 17 Insurance Contracts	1 January 2021	No

	Effective for accounting periods beginning on or after	Endorsed by the EU
Amendments		
IFRS 9 Financial Instruments	1 January 2019	Yes
IAS 28 Investments in Associates	1 January 2019	Yes
IFRIC 23 Uncertainty over Income Tax	1 January 2019	Yes
IAS 19 Employee Benefits	1 January 2019	Yes
IFRS 3 Business Combinations	1 January 2019	No
IFRS 11 Joint Arrangements	1 January 2019	Yes
IAS 12 Income Taxes	1 January 2019	Yes
IAS 23 Borrowing Costs	1 January 2019	Yes
IAS 1 Presentation of Financial Statements	1 January 2020	No
IAS 8 Accounting Policies	1 January 2020	No
References to the Conceptual Framework in IFRS Standards	1 January 2020	No

IFRS 16 will be implemented by the Group from 1 February 2019. The Standard will replace IAS 17 'Leases' and will require lease liabilities and 'right of use' assets to be recognised on the statement of financial position for almost all leases. The potential impact of IFRS 16 for the Group has been assessed as immaterial to the income statement.

IFRS 17 is not applicable to the Group, as it does not issue insurance or investment contracts.

► IFRS 16 Leases – effective for periods beginning on or after 1 January 2019

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The group will adopt IFRS 16 for the year ending 31 January 2020. No decision has been made about whether to use any of the transitional options in IFRS 16.

Its principal effect will be to gross up the Group's statement of financial position to recognised additional right of use assets within property, plant and equipment and additional lease liabilities in respect of leases that are currently treated as operating leases. The associated operating lease charge that is currently recorded within operating costs will be removed and replaced with a depreciation charge and an interest charge in respect of the additional lease creditors recognised.

The Group will not apply the standard to short-term leases (being those with an initial term of 12 months or less) nor leases of low-value items (defined as leases of assets with an initial cost of less than US\$5,000 (approximately £4,000) as required by the standard.

Adopting IFRS 16 requires the Group to exercise judgement. In particular:

- IFRS 16 requires the Group to take into account periods covered by options to extend or terminate leases to the extent that it is reasonably certain that the leases will continue for those terms. In assessing what is reasonably certain, the Group considers past practice, its future needs and the lease terms.
- IFRS 16 requires the Group to estimate incremental rates of borrowing in respect of leases for which no interest rate is implicit in the lease. The Group has determined the incremental rates of borrowing for individual leases based on its average cost of borrowing.

Notes to the financial statements *continued*

for the year ended 31 January 2019

2 Accounting policies *continued*

a) Basis of preparation of financial statements and accounting restatement *continued*

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

Based on the Group's provisional estimates it anticipates that it will recognise additional right of use assets of approximately £2.7m at 31 January 2019 and additional lease creditors of approximately £2.8m with a reduction in retained earnings of £0.1m. Of the right of use assets that will be recognised at 31 January 2019 approximately £1.4m relates to properties and approximately £1.3m to fixtures and equipment and motor vehicles. This reduction in retained earnings compared to the pre-IFRS 16 position is a timing difference which will reverse over the next years as these leases expire.

The overall impact of this reversal on the income statement in each year will be immaterial.

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

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 42. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 1 to 42. 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 sufficient cash resources supported by a moderate level of 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.

d) 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.

e) 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 the statement of financial position date.

2 Accounting policies *continued*

e) Goodwill *continued*

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.

f) 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.

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. 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 of intangible assets arising on acquisition is charged to the income statement over the estimated useful life, which is as follows:

Brands	10%-50% per annum on a straight-line basis
Mandates/order book	100% per annum
Customer relationships	5%-33.3% per annum on a straight-line basis
Training materials	10% per annum on a straight-line basis
Software	20%-33.3% 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. Similarly, the remaining useful life of intangible assets are reviewed and if any of those needs to be shortened due to events or changes in circumstances then the amortisation charge is correspondingly increased to reflect the shorter life.

g) 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 and 20% per annum on a straight-line basis

2 Accounting policies *continued*

h) Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position 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.

i) Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, or at amortised cost. 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

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 fair value through profit and loss unless they are designated as hedges. Assets in this category are classified as current assets if they are 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

From time to time 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.

Trade and other receivables and accrued income

Trade and other receivables and accrued income 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. Trade and other receivables and accrued income are subsequently carried at amortised cost using the effective interest method.

2 Accounting policies *continued*

i) Financial instruments *continued*

Financial assets *continued*

Trade and other receivables and accrued income *continued*

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.

IFRS 9 has been implemented on a fully retrospective basis and this has given rise to an expected credit loss model provision against trade receivables in addition to specific provisions made. Please refer to note 17 for further detail.

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

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 fair value through profit and loss unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are 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. JetCard deposits are included within financial liabilities as they are contractually repayable upon demand.

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 book amortised cost.

Notes to the financial statements *continued*

for the year ended 31 January 2019

2 Accounting policies *continued*

i) Financial instruments *continued*

Financial liabilities *continued*

Financial liabilities at amortised cost *continued*

Offsetting financial instruments

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

Equity instruments issued by the Group

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

j) 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.

k) Revenue

Revenues are derived from aircraft chartering services, aircraft remarketing services, aircraft inspection services and the provision of aviation related training and safety consulting services. In line with IFRS 15 Revenue from Contracts with Customers, 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 and only gross margin is reported as revenue. Revenue is measured as the transaction price receivable for the provision of goods and services to third-party customers and is stated exclusive of value added tax and is only recognised when control has passed to the customer.

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. This applies equally whether or not the client is in the JetCard programme. In instances where the Group is acting as agent, the net amount receivable by the Group is recognised as revenue. The determination as to whether Air Partner is considered principal or agent in a contract depends on whether or not Air Partner is contractually obliged under the terms of the contract to provide the particular service.

Aircraft remarketing services

Air Partner Remarketing's (formerly Cabot Aviation) principal activity is that of an aircraft remarketing broker. Fees earned in respect of these services are recognised when legal title to the aircraft has passed to the customer.

Aircraft inspection services

Aircraft registered with the Isle of Man Aircraft 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, Clockwork Research Limited and SafeSkys Limited provide various aviation-related specialist training and consultancy services. Revenue is recognised by reference to the delivery of the services. Amounts in respect of unbilled services provided to clients are recognised as revenue at the statement of financial position date.

l) 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, which 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.

2 Accounting policies *continued*

m) Share-based payments

From time to time the Group will 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 using the Monte Carlo method 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.

n) 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.

Air Partner SAS operates a defined benefit pension scheme and the liability of the scheme is recognised in the statement of financial position at the present value of the obligation at the statement of financial position date. The obligation is calculated annually by independent actuaries and actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised in full in the period in which they occur.

o) 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 statement of financial position 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.

p) 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.

q) 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.

r) Deferred income

Deferred income is comprised of amounts received or receivable from customers in respect of which services are yet to be provided or flights that are yet to occur.

For contracts where the Company is the principal, the full amount of deferred revenue will be recognised within revenue upon performance of services. For contracts where the Company is acting as agent, the amount of future revenue to be recognised will be purely the Company's agency commission element of these amounts.

In the charter business Air Partner generally invoices its customers in advance of the flight date. The value of these invoices is taken to deferred income and is only released to the income statement when the revenue is recognised at the time of the flight date on an invoice by invoice basis.

However IFRS 15 requires in cases where trade receivables are matched by deferred consideration, i.e. the flight has not yet taken place, that neither of those amounts is recognised in the statements of financial position. Therefore deferred income under IFRS 15 relates only to contracts where Air Partner has raised an invoice(s) to the customer and been paid for the same by the date of the statement of financial position.

Please refer to note 2a for further information of the impact of IFRS 15 upon deferred income and trade receivables.

Notes to the financial statements *continued*

for the year ended 31 January 2019

2 Accounting policies *continued*

s) JetCard programme

The JetCard programme is one where the customer purchases a JetCard in advance for their future flight requirements. The JetCard balance changes over time as the customer uses that balance for flights or replenishes it. The Company manages its JetCard cash balances through segregated bank accounts and it only uses this cash to satisfy JetCard orders not for its own working capital purposes, and for this reason JetCard cash is separately disclosed in the statement of financial position. The JetCard cash balances are assets of the Company, are included in the financial statements and are matched by equal JetCard deposit liabilities so the impact on net assets is nil.

The timing of revenue recognition is the same for flights chartered through the JetCard programme as that for other flights.

t) Gross profit

In the charter business segments the gross profit relating to a flight is calculated as being its charter price less all the direct costs associated with its fulfilment. It does not include the cost of Air Partner staff nor overheads.

In the training and consultancy business segment, gross profit is calculated as being the price of a contract less all the direct costs associated with delivering that contract including the costs of staff and contractors directly engaged in delivering the contracted service. It does not include the cost of other general Air Partner staff nor overheads.

u) Other non GAAP measures

Gross transaction value (GTV) represents the total value invoiced to clients and is stated exclusive of value added tax.

Operating profit before exceptional and other items and profit before tax before exceptional and other items are disclosed in order to present what the Directors consider the underlying performance of the Group.

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 and these are referred to in the Annual Report. 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 IFRS 3 Business Combinations.

v) Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make 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 ongoing 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. Management also needs to exercise judgement in applying the Group's accounting policies.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

One of the key judgements in relation to revenue recognition is the judgement of whether the Group is acting as principal or agent in transactions with customers in its charter business. In making its judgement, management considers the detailed terms of sales transactions with customers in order to determine whether the Group is performing as the principal obligor. This assessment determines how revenue is recognised as either principal or agent in accordance with IFRS 15. Note 4 gives a comparison of gross transaction value and revenue by revenue stream.

2 Accounting policies *continued*

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as noted below.

Impairment

The Directors consider the recoverable amount of goodwill allocated to SafeSkys Limited of £2,882,000 to be sensitive to certain key assumptions in the Company's impairment model. This model is based upon forecasts of anticipated market conditions that have been considered and approved by the Board. These forecasts are then discounted back to net present value using a weighted average cost of capital. The key assumptions used in the forecasts have been described further in note 13.

3 Revenue

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

	2019 £'000	2018 as restated ¹ £'000
Sales of goods and services	77,461	74,308

1 As set out in note 2a, a review of customer contracts has taken place following the introduction of the new accounting standard IFRS 15 Revenue from Contracts with Customers. As a result of this review Air Partner is now considered to be principal in certain additional types of customer contracts rather than agent, as was the case before, and therefore the revenue for the previous year has been restated by a £23,888,000 increase.

2 The prior year revenue number has been restated by a £1,912,000 increase in respect of the training and consulting business segment where certain direct costs were mistakenly not grossed up for in calculating the revenue.

The above revenue is recognised at a point in time. No customer contributed more than 10% to the Group's revenue in 2019. Included in revenue in 2018 was approximately £9,295,000 of sales to one customer and £7,869,000 of sales to another customer. No other customers contributed more than 10% to the Group's revenue in 2018.

We have taken the practical expedient not to disclose the transaction price allocated to the remaining performance obligations because its expected duration is one year or less or the timing is at the customer discretion.

Revenue recognised that was included in the contract liability balance at the beginning of the period was £12,765,000 (2018: £11,667,000).

4 Segmental analysis

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

The Group has four segments: Commercial Jets, Private Jets, Freight and Consulting & Training. Air Partner Remarketing's (formerly Cabot Aviation) results are aggregated into Commercial Jets. Overheads with the exception of corporate costs are allocated to the Group's segments in relation to operating activities.

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.

Notes to the financial statements *continued*

for the year ended 31 January 2019

4 Segmental analysis *continued*

The Board does not review assets and liabilities at segmental level, therefore these items are not disclosed. The segmental information, as provided to the Board on a monthly basis, is as follows:

Year ended 31 January 2019	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	Total £'000
Continuing operations						
Gross transaction value	147,766	66,550	50,526	8,506	—	273,348
Revenue	32,462	25,090	11,403	8,506	—	77,461
Segmental gross profit	15,937	10,404	4,891	4,226	—	35,458
Administrative expenses and net impairment losses on financial assets	(11,848)	(8,953)	(2,894)	(3,585)	(2,172)	(29,452)
Depreciation and amortisation of non-acquired assets (included within administrative expenses)	(398)	(265)	(124)	(107)	—	(894)
Operating profit before exceptional and other items	4,089	1,451	1,997	641	(2,172)	6,006
Exceptional and other items (see note 7)	(292)	—	—	(199)	(1,954)	(2,445)
Segment result	3,797	1,451	1,997	442	(4,126)	3,561
Finance income						32
Finance expense						(224)
Profit before income tax						3,369
Income tax expense						(484)
Profit for the year						2,885

Year ended 31 January 2018 (note 1)

	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training as restated ¹ £'000	Corporate costs £'000	Total as restated ¹ £'000
Continuing operations						
Gross transaction value	154,404	64,307	35,930	6,676	—	261,317
Revenue	38,348	25,494	3,790	6,676	—	74,308
Segmental gross profit	17,336	10,586	3,366	3,380	—	34,668
Administrative expenses and net impairment losses on financial assets	(13,515)	(9,505)	(1,605)	(2,819)	(1,334)	(28,778)
Depreciation and amortisation of non-acquired assets (included within administrative expenses)	(325)	(211)	—	(39)	—	(575)
Operating profit before exceptional and other items	3,821	1,081	1,761	561	(1,334)	5,890
Exceptional and other items (see note 7)	(747)	—	—	(264)	—	(1,011)
Segment result	3,074	1,081	1,761	297	(1,334)	4,879
Finance income						11
Finance expense						(138)
Profit before income tax						4,752
Income tax expense						(1,172)
Profit for the year						3,580

1 Gross profit for the Consulting & Training segment has been restated to include the costs of staff directly engaged in delivering the consulting and training activities. This restatement has lowered gross profit by £1,414,000 and increased administrative expenses for that segment and the total. There has also been the same effect on the UK segment below. There has been no change to operating profit. Refer to note 37.

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 business operations used to generate that gross profit. Apart from the UK, no single country is deemed to have material non-current asset levels other than there is goodwill in relation to the French operation of £974,000 (2018: £977,000).

4 Segmental analysis *continued*

The Board also reviews information on a geographical basis based on parts of the world in which it has business operations. As a result the following additional information is provided showing a geographical split of the UK, Europe, the USA and the Rest of the world based upon the location of the relevant business operation which contracts the business.

	UK as restated ¹ £'000	Europe £'000	USA £'000	Rest of the world £'000	Total as restated ¹ £'000
Continuing operations					
Year ended 31 January 2019					
Gross profit	17,426	9,915	8,067	50	35,458
Non-current assets (excluding deferred tax assets)	11,226	1,221	37	3	12,487
Year ended 31 January 2018					
Gross profit (restated ¹)	17,616	9,795	6,198	1,059	34,668
Non-current assets (excluding deferred tax assets)	11,907	1,328	40	3	13,278

Europe can be further analysed as:

	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Continuing operations					
Year ended 31 January 2019					
Gross profit	4,083	2,762	1,570	1,500	9,915
Year ended 31 January 2018					
Gross profit	3,506	2,847	2,227	1,215	9,795

5 Operating profit

Operating profit for the year has been arrived at after charging the following:

	2019 £'000	2018 £'000
Continuing operations		
Net foreign exchange loss	34	121
Change in the fair value of derivative financial instruments	4	3
Depreciation of property, plant and equipment	464	395
Loss on disposal of property, plant and equipment	5	—
Amortisation of intangible fixed assets – acquired	376	279
Amortisation of intangible fixed assets – other	430	180
Impairment of trade receivables	413	52
Operating lease rentals – land and buildings	747	684
Operating lease rentals – other	354	209
Staff costs (see note 8)	20,415	20,305

6 Auditors' remuneration

	2019 £'000	2018 £'000
The analysis of auditors' remuneration is as follows:		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated annual financial statements	170	143
Fees payable to the Company's auditors and its associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside the UK)	60	85
Total audit fees	230	228

Notes to the financial statements *continued*

for the year ended 31 January 2019

6 Auditors' remuneration *continued*

	2019 £'000	2018 £'000
Fees payable to the auditors and their associates for other services to the Group:		
Audit-related assurance services	—	37
Other non-audit services	650	—
Total non-audit fees	650	37

Other non-audit services are in respect of fees in relation to the accounting review.

Note: Audit-related assurance service fees in 2019 of £45,000 is due to the previous auditors, Deloitte LLP, in relation to their review of the 2018 interim results, are not included in the above tables. Deloitte LLP resigned as the Company's auditors and PricewaterhouseCoopers LLP were appointed as the Company's auditors during the year.

7 Exceptional and other items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. They are listed separately here to provide a better understanding of the financial performance of the Group.

	2019 £'000	2018 £'000
Continuing operations		
Changes in Board composition ¹	(396)	—
Restructuring costs ²	—	(277)
Costs relating to the accounting review and associated items ³	(1,300)	—
Amortisation of purchased intangibles ⁴	(376)	(279)
Acquisition costs ⁵	—	(61)
Non-cash acquisition costs ⁶	—	(87)
Abortive acquisition costs ⁷	(550)	(307)
Release of deferred consideration ⁸	177	—
	(2,445)	(1,011)
Tax effect of other items ⁹	322	218
Exceptional and other items after taxation	(2,123)	(793)

1 Changes in Board composition relate to the unforeseen costs of changing the Group's Chief Financial Officer; the hiring of an Interim Chief Financial officer; the recruitment costs for a new Chair following the untimely death of Peter Saunders and the costs of recruiting the Senior Non-executive Director. The level of Board changes and associated costs in the year were considered highly unusual.

2 Restructuring costs in 2018 related to management and finance structure changes.

3 The costs of the accounting review and associated expense relate to the accounting review as explained in the Strategic Report.

4 Please see note 14 for further detail regarding the amortisation of purchased intangibles.

5 The acquisition costs incurred in 2018 were in respect of SafeSkys Limited.

6 The non-cash acquisition costs in the prior year comprised a share-based payment charge in respect of Cabot Aviation Services Limited.

7 In 2019, the abortive acquisition costs in the main relate to professional fees expensed in respect of potential transactions, which were abandoned due to the aforementioned accounting review. Aborted costs in 2018 related to other potential acquisitions.

8 The release of the deferred consideration is in respect of Clockwork Research Limited, where no further deferred consideration is payable.

9 A tax credit has been included in the current year in respect of substantially all of the exceptional and other items apart from those in relation to the abortive acquisition costs and the release of deferred consideration regarding Clockwork Research Limited.

8 Staff costs

Group

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

	2019 Number	2018 Number as restated ¹
Continuing operations		
Operations	269	206
Administration	91	82
	360	288

1 The staff numbers for the previous year did not correctly include the part-year effect of SafeSkys Limited being part of the Group and so have been restated here in total from 267 to 288. The staff numbers for the current year include the full-year effect of SafeSkys Limited being part of the Group.

The aggregate payroll costs comprised:

	2019 £'000	2018 £'000 as restated ¹
Continuing operations		
Wages and salaries	16,369	16,452
Social security costs	3,274	3,053
Other pension costs	520	507
Share based payments	252	293
	20,415	20,305

1 Total payroll costs for 2018 have been restated from £19,525,000 to £20,305,000.

Company

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

	2019 Number	2018 Number
Continuing operations		
Operations	65	66
Administration	43	40
	108	106

The aggregate payroll costs comprised:

	2019 £'000	2018 £'000
Continuing operations		
Wages and salaries	5,397	6,585
Social security costs	1,041	752
Other pension costs	251	262
Share based payments	252	293
	6,941	7,892

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 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.

Notes to the financial statements *continued*

for the year ended 31 January 2019

9 Finance income and expense

	2019 £'000	2018 £'000
Continuing operations		
Finance income		
Interest on bank deposits	32	11

	2019 £'000	2018 £'000
Continuing operations		
Finance expense		
Interest on loans and bank overdrafts	224	138

10 Income tax expense

	2019 £'000	2018 £'000
Continuing operations		
Current tax:		
UK corporation tax	665	1,086
Foreign tax	289	163
Current tax adjustments in respect of prior years (UK) ¹	(563)	(60)
Current tax adjustments in respect of prior years (overseas)	40	—
	431	1,189
Deferred tax (see note 25)	53	(17)
Total tax	484	1,172
Of which:		
Tax on underlying profit	806	1,390
Tax on other items (see note 7)	(322)	(218)
	484	1,172

1 The current tax adjustment in respect of the prior years in the UK includes a £409,000 credit in respect of the accounting issue adjustments made in the prior year's financial statements which has now been agreed with the tax authorities. This amount was anticipated and referred to in note 2a in the 2018 Annual Report and Accounts.

Corporation tax in the UK was calculated at 19.0% (2018: 19.16%) of the estimated assessable profit for the year. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

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

	2019 £'000	2018 £'000
Profit from continuing operations before income tax expense	3,369	4,752
Income tax at the UK corporation tax rate of 19.0% (2018: 19.16%)	641	910
Effect of changes in tax rates	—	89
Tax effect of items that are not recognised in determining taxable profit	81	212
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	57	22
Current tax adjustments in respect of prior years ¹	(657)	(7)
Deferred tax not recognised	290	78
Options deductions	72	(132)
Total income tax expense	484	1,172

1 The current tax adjustment in respect of the prior years in the UK includes a £409,000 credit in respect of the accounting issue adjustments made in the prior year's financial statements which has now been agreed with the tax authorities. This amount was anticipated and referred to in note 2a in the 2018 Annual Report and Accounts.

A further reduction to the UK corporation tax rate has been announced. A reduction to 17% on 1 April 2020 was substantively enacted on 16 October 2016 and the deferred tax balance was adjusted in the prior period to reflect this change (see note 25).

11 Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to owners of the parent company		
Final dividend for the year ended 31 January 2018 of 3.8 pence per share	1,979	—
Final dividend the year ended 31 January 2017 of 3.6 pence per share	—	1,869
Interim dividend for the year ended 31 January 2019 of 1.75 pence per share	911	—
Interim dividend for the year ended 31 January 2018 of 1.7 pence per share	—	883
	2,890	2,752

The Directors propose a final dividend for the year ended 31 January 2019 of 3.85 pence per share, subject to shareholder approval at the Annual General Meeting to be held on 26 June 2019.

The Air Partner Employee Benefit Trust, which held 146,883 ordinary shares of 1 pence each at 31 January 2019 (2018: 402,690 ordinary shares of 1 pence each) representing 0.28% (2018: 0.70%) of the Company's issued share capital, is not entitled to receive dividends. A further 181,820 ordinary shares of 1 pence each (2018: 272,731 ordinary shares of 1 pence each) are also held by the Trust in a nominee capacity for one (2018: one) beneficiary of the Trust but dividends are received in respect of those shares.

12 Earnings per share

Earnings per share	2019 Pence	2018 Pence
Continuing operations		
Basic	5.6	6.9
Diluted ¹	5.4	6.7

1 The diluted earnings per share for the prior period has changed from 6.6p to 6.7p due to the restatement of the diluted number of shares as set out below.

Earnings per share	2019 Pence	2018 Pence
Excluding exceptional and other items		
Basic	9.6	8.4
Diluted	9.4	8.1

From continuing operations	2019 £'000	2018 £'000
Earnings		
Profit attributable to owners of the parent company	2,885	3,580
Adjustment to exclude exceptional and other items ¹	2,123	793
Underlying earnings for the calculation of basic and diluted earnings per share	5,008	4,373

1 The calculation of underlying earnings per share (before exceptional and other items) is included as the Directors believe it provides a better understanding of the underlying performance of the Group. Exceptional and other items are disclosed in note 7.

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

Weighted average number of ordinary shares	2019 Number	2018 Number as restated ^{1,2}
Issued and fully paid	52,217,565	52,217,565
Less those held by the Air Partner Employee Benefit Trust	(239,888)	(292,571)
Number for the calculation of basic earnings per share	51,977,677	51,924,994
Effect of dilutive potential ordinary shares: share options	1,399,368	1,742,664
Number for the calculation of diluted earnings per share	53,377,045	53,667,658

Notes to the financial statements *continued*

for the year ended 31 January 2019

12 Earnings per share *continued*

- 1 The weighted average number of ordinary shares used in the calculation for the prior period has been restated to remove the weighted average number of ordinary shares held by the Air Partner Employee Benefit Trust as they do not attract dividends.
- 2 The weighted average number of ordinary shares used in the calculation for the prior period has been restated to include future IFRS 2 charges along with the exercise price. This change has reduced the number of dilutive potential ordinary shares: share options from 2,076,265 to 1,742,664.

This has changed the diluted earnings per share figures calculated for last year from 6.6p to 6.7p.

13 Goodwill

Group	Restated ¹ £'000
Cost	
At 1 February 2017	3,787
Recognised on acquisition of subsidiary (note 31)	2,882
Revised allocation of prior acquisition	63
Foreign currency adjustments	21
At 31 January 2018 (restated ¹)	6,753
Foreign currency adjustments	(3)
At 31 January 2019	6,750
Provision for impairment	
At 31 January 2017, 31 January 2018 and 31 January 2019	—
Net book value	
At 31 January 2019	6,750
At 31 January 2018 (restated ¹)	6,753
At 1 February 2017	3,787

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:

	2019 £'000	2018 £'000
Air Partner International S.A.S. ¹	974	977
Baines Simmons Limited	1,711	1,711
Cabot Aviation Services Limited	787	787
Clockwork Research Limited	396	396
SafeSkys Limited ¹	2,882	2,882
	6,750	6,753

- 1 The goodwill held in respect of Air Partner International S.A.S. arose in the local currency of Euros and therefore the amount expressed in £sterling varies depending on exchange rates.

Impairment testing

Goodwill and other intangibles are tested for impairment at least annually or when there is an indication that the carrying value may not be recoverable. Value in use is calculated as the net present value of the projected risk-adjusted cash-flows of the cash generating unit (CGU). These forecast cash-flows are based on the 2020 budget and the five-year strategic plan.

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

Management reviewed the status of these four CGUs and found there were no indications of impairment:

- Air Partner International S.A.S.;
- Baines Simmons Limited;
- Cabot Aviation Services Limited; and
- Clockwork Research Ltd.

13 Goodwill *continued*

Impairment testing *continued*

Therefore no goodwill testing was carried out on those four CGUs.

The Directors have assessed our goodwill and intangibles balances for impairment and, with the exception of SafeSkys Limited, consider there to be no impairment triggers. However, we consider the finalisation of the provisional fair values of SafeSkys Limited in the current financial year, and the resultant increase in goodwill to have presented a trigger for impairment assessment.

Impairment testing assumptions

SafeSkys Limited was tested for impairment at 31 January 2019. The key assumptions used in the value in use calculation were:

- sales: projected sales are built up in line with the SafeSkys Limited strategic business plan;
- margins: reflect the anticipated margins within the SafeSkys Limited strategic business plan;
- discount rate: a thorough exercise has been undertaken to review the discount rate resulting in a new lower post-tax discount rate of 8.65%; and
- long-term growth rates: growth rates for the period after the detailed forecasts are based on the long-term GDP projections, which is 2%.

The assumptions used in the impairment testing model were as follows:

Goodwill and other intangible assets	£3.1m
Basis of valuation	Value in use
Discount rate	8.65%
Period covered by management projections	5 years
Long-term growth rates	2.0%

Sensitivity 1

The growth on new business (as per the SafeSkys Limited strategy) was reduced by 20% year on year to account for a delay in the full implementation of the new strategy.

Sensitivity 2

The discount rate has been increased by 2%. This adjustment is deemed to capture all environmental changes and reflect a tougher trading environment for SafeSkys Limited compared to the base case.

Scenario	PV £'000	Goodwill & other intangible assets £'000	Headroom £'000
Base case	4,412	3,173	1,239
Sensitivity 1	3,825	3,173	652
Sensitivity 2	3,238	3,173	65

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

1 The provisional amounts recognised at 31 January 2018 in respect of the intangible assets and liabilities in respect of SafeSkys Limited (acquired on 1 September 2017) have been revised in these financial statements giving rise to an increase in goodwill of £877,000 at 31 January 2018. More detail is in note 31.

Notes to the financial statements *continued*

for the year ended 31 January 2019

14 Other intangible assets

Group	Brands £'000	Other mandates £'000	Customer relationships as restated £'000	Training materials £'000	Software £'000	Total as restated £'000
Cost						
At 1 February 2017	158	171	3,714	414	2,251	6,708
Additions	—	—	—	—	204	204
Acquired on acquisition of subsidiaries (restated ¹) (note 31)	14	—	622	—	—	636
At 31 January 2018 (restated ¹)	172	171	4,336	414	2,455	7,548
Additions	—	—	—	—	351	351
At 31 January 2019	172	171	4,336	414	2,806	7,899
Accumulated amortisation and impairment						
At 1 February 2017	23	170	291	61	1,207	1,752
Charge for the year	17	1	219	42	180	459
At 31 January 2018	40	171	510	103	1,387	2,211
Charge for the year	23	—	311	42	430	806
At 31 January 2019	63	171	821	145	1,817	3,017
Net book value						
At 31 January 2019	109	—	3,515	269	989	4,882
At 31 January 2018 (restated ¹)	132	—	3,826	311	1,068	5,337
At 1 February 2017	135	1	3,423	353	1,044	4,956

Customer relationships have a remaining amortisation period of between 1.9 years and 17.5 years.

1 The provisional amounts recognised in respect of the intangible assets acquired and liabilities in respect of SafeSkys Limited, which was acquired on 1 September 2017, assumed at 31 January 2018 have been revised in these financial statements giving rise to an increase in customer relationships of £135,000 at 31 January 2018. More detail is in note 31.

Company	Software £'000
Cost	
At 1 February 2017	2,231
Additions	185
At 31 January 2018	2,416
Additions	329
At 31 January 2019	2,745
Accumulated amortisation and impairment	
At 1 February 2017	1,192
Charge for the year	179
At 31 January 2018	1,371
Charge for the year	418
At 31 January 2019	1,789
Net book value	
At 31 January 2019	956
At 31 January 2018	1,045
At 1 February 2017	1,039

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

15 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment as restated ^{1,2} £'000	Motor vehicles as restated ¹ £'000	Total as restated £'000
Cost				
At 1 February 2017	870	2,742	86	3,698
Additions	222	187	24	433
Acquired on acquisition of subsidiaries	—	5	82	87
Foreign currency adjustments	—	(8)	—	(8)
At 31 January 2018	1,092	2,926	192	4,210
Additions	14	84	38	136
Transfers	61	(61)	—	—
Disposals	(1)	—	(60)	(61)
Foreign currency adjustments	1	(1)	—	—
At 31 January 2019	1,167	2,948	170	4,285
Accumulated depreciation and impairment				
At 1 February 2017	433	2,166	13	2,612
Charge for the year	146	231	18	395
Foreign currency adjustments	—	15	—	15
At 31 January 2018	579	2,412	31	3,022
Charge for the year	128	260	76	464
Transfers	61	(61)	—	—
Disposals	—	—	(56)	(56)
Foreign currency adjustments	1	(1)	—	—
At 31 January 2019	769	2,610	51	3,430
Net book value				
At 31 January 2019	398	338	119	855
At 31 January 2018	513	514	161	1,188
At 1 February 2017	437	576	73	1,086

1 An error was made in the 2018 Financial Statements on the introduction of the fixed assets acquired on the acquisition of SafeSkys Limited in 2018. Fixtures and fittings additions in the year were overstated by £74,000, as was the depreciation charge in the year, and similarly motor vehicle additions in the year were overstated by £201,000, as was the depreciation charge in the year. In total cost and depreciation at 31 January 2018 were overstated by £275,000 and have been corrected here but net book value at that date was correct and is therefore unchanged. The corresponding effects have been included in the restated consolidated statement of cash flows and the net cash inflow from operating activities (note 32).

2 The fair value of the fixtures and fittings acquired on the acquisition of SafeSkys Limited in 2018 has been adjusted to £5,000 from £8,000.

Notes to the financial statements *continued*

for the year ended 31 January 2019

15 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 2017	734	1,570	56	2,360
Additions	120	50	—	170
At 31 January 2018	854	1,620	56	2,530
Additions	14	71	—	85
At 31 January 2019	868	1,691	56	2,615
Accumulated depreciation				
At 1 February 2017	375	1,246	13	1,634
Charge for the year	112	158	10	280
At 31 January 2018	487	1,404	23	1,914
Charge for the year	88	156	7	251
At 31 January 2019	575	1,560	30	2,165
Net book value				
At 31 January 2019	293	131	26	450
At 31 January 2018	367	216	33	616
At 1 February 2017	359	324	43	726

16 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 February 2017	2,662	7,424	10,086
Additions ¹	—	3,000	3,000
At 31 January 2018	2,662	10,424	13,086
Decrease in deferred consideration ²	(177)	—	(177)
At 31 January 2019	2,485	10,424	12,909
Amounts provided			
At 31 January 2017, 31 January 2018 and 31 January 2019	101	635	736
Net book value			
At 31 January 2019	2,384	9,789	12,173
At 31 January 2018	2,561	9,789	12,350
At 1 February 2017	2,561	6,789	9,350

1 In the year ended 31 January 2018 Air Partner plc purchased SafeSkys Limited via its subsidiary Air Partner Consulting to the amount of £3,000,000.

2 The decrease in deferred consideration was in respect of Clockwork Research Limited, where the final deferred consideration paid was less than the amount previously provided.

16 Investments *continued*

The Company tests its investments for impairment if there are indications that the investments may be impaired. The Directors do not believe that there are any reasonably possible changes to the key assumptions that would result in impairment of the Company's investments.

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	Company number	Company address
Air Partner International S.A.S.	Air charter broking	France	B398335489	A
Air Partner International GmbH	Air charter broking	Germany	HRB 28279	B
Air Partner, Inc.	Air charter broking	US	65-0770487	C
Air Partner (Switzerland) AG	Air charter broking	Switzerland	CH-020.3.022.925-4	D
Air Partner Travel Management Company Limited	Travel agency	England and Wales	03767092	E
Air Partner Srl	Air charter broking	Italy	3935230262	F
Air Partner Havacilik ve Tasimacilik Limited Sirketi	Air charter broking	Turkey	720099	G
Air Partner Aviation Services Limited (previously Cabot Aviation Services Limited)	Aircraft remarketing	England and Wales	03874833	E
Air Partner Consulting Limited	Holding company	England and Wales	02070950	E
Baines Simmons Limited	Aviation safety consultants	England and Wales	04295495	E
Aviation Compliance Limited	Aviation safety consultants	England and Wales	06545827	E
Clockwork Research Limited	Aviation safety consultants	England and Wales	05477740	E
SafeSkys Limited	Aviation safety consultants	England and Wales	02833067	E
Business Jets Limited	Dormant	England and Wales	04146214	E
Air Partner Group Limited	Dormant	England and Wales	03685545	E
Air Partner Investments Limited	Dormant	England and Wales	06727735	E
Air Partner Enclave Limited	Dormant	England and Wales	06671502	E
Air Partner Nordic	Air charter broking	Sweden	556724-5369	H

All of the above are 100% owned by Air Partner plc, except for Air Partner Havacilik ve Tasimacilik Limited Sirketi where 40% is held by a subsidiary undertaking. Air Partner plc's holdings are in the ordinary share capital of all the subsidiaries.

Air Partner Jet Charter and Sales Private Limited, a dormant subsidiary incorporated in India (company number U63000DL2012FTC234664), was dissolved on 14 December 2018.

The registered company addresses are as follows:

A	89/91 Rue du Faubourg Saint-Honoré, 75008 Paris, France
B	Im Mediapark 5b, 50670 Köln, Germany
C	1100 Lee Wagener Blvd, Suite 328, Fort Lauderdale, FL 33315, US
D	Birmensdorferstrasse123, 8003Zurich, Switzerland
E	2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 OPA, UK
F	Via Valtellina 67, 20159 Milano, Italy
G	Yenibosna Merkez mah. Degirmenbahce cad. Istwest Sitesi A1B Blok d:23 Istanbul, Turkey
H	Cerid Redovisningsbyra AB, Svanegatan 10, 22224 Lund, Skane, Malmö, Sweden

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.

Notes to the financial statements *continued*

for the year ended 31 January 2019

17 Trade and other receivables

	Group		Company	
	2019 £'000	2018 as restated ^{1,2} £'000	2019 £'000	2018 as restated ¹ £'000
Gross trade receivables	8,893	9,258	2,616	2,789
Loss allowance	(698)	(301)	(1)	—
Trade receivables	8,195	8,957	2,615	2,789
Amounts owed by Group undertakings	—	—	10,953	10,409
Social security and other taxes	509	460	331	741
Other receivables	651	349	—	—
Prepayments and accrued income	9,707	6,548	3,232	3,370
	19,062	16,314	17,131	17,309

1 IFRS 15 has been retrospectively applied, reducing Group gross trade receivables in 2018 by £10,058,000 and Company gross trade receivables in 2018 by £4,476,000.

2 IFRS 9 has been retrospectively applied, increasing the allowance for bad and doubtful debts and reducing Group gross trade receivables in 2018 by £142,000.

3 The fair value of the trade receivables acquired on the acquisition of SafeSkys Limited in 2018 has been reduced by £98,000. Please see note 31 for more detail.

Amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days of becoming due.

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 as restated ¹ £'000	Company £'000
At 31 January 2017	464	—
Charge for the year	52	—
Receivables written off during the year	(215)	—
At 31 January 2018	301	—
Charge for the year	413	1
Receivables written off during the year	(16)	—
At 31 January 2019	698	1

1 IFRS 9 has been retrospectively applied, increasing the allowance for bad and doubtful debts and reducing group gross trade receivables in 2018 by £142,000.

Of the amounts impaired during the period, £67,000 (2018: £60,000) was for an amount past due by less than one year with the remainder being all overdue by more than one year.

17 Trade and other receivables *continued*

An analysis of these financial assets at the statement of financial position date for 2019 is as follows:

Group	Gross trade receivables 2019 £'000	Allowance for bad and doubtful debts 2019 £'000	Trade receivables 2019 £'000
Current	3,711	(63)	3,648
Aged:			
– By not more than three months	4,271	(74)	4,197
– By more than three months but not more than six months	315	(12)	303
– By more than six months but not more than one year	103	(68)	35
– By more than one year	493	(481)	12
	8,893	(698)	8,195

Group	Gross trade receivables 2018 £'000	Allowance for bad and doubtful debts 2018 £'000	Trade receivables 2018 £'000
Current	3,957	(61)	3,898
Aged:			
– By not more than three months	3,438	(53)	3,383
– By more than three months but not more than six months	542	(8)	534
– By more than six months but not more than one year	519	(8)	511
– By more than one year	802	(171)	631
	9,258	(301)	8,957

Company	Gross trade receivables 2019 £'000	Allowance for bad and doubtful debts 2019 £'000	Trade receivables 2019 £'000
Current	1,513	—	1,513
Aged:			
– By not more than three months	1,083	(1)	1,082
– By more than three months but not more than six months	18	—	18
– By more than six months but not more than one year	—	—	—
– By more than one year	2	—	2
	2,616	(1)	2,615

Company	Gross trade receivables 2018 £'000	Allowance for bad and doubtful debts 2018 £'000	Trade receivables 2018 £'000
Current	299	—	299
Aged:			
– By not more than three months	2,087	—	2,087
– By more than three months but not more than six months	229	—	229
– By more than six months but not more than one year	6	—	6
– By more than one year	168	—	168
	2,789	—	2,789

Prepayments and accrued income include £4,953,000 of operator prepayments (2018: £3,728,000).

Notes to the financial statements *continued*

for the year ended 31 January 2019

18 Cash, borrowings and net cash

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash				
JetCard cash	17,692	15,891	12,635	7,486
Non-JetCard cash	7,462	7,302	3,101	—
Cash and cash equivalents	25,154	23,193	15,736	7,486

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Borrowings				
Secured bank loans	5,500	2,500	5,500	2,500

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amount due for settlement within 12 months	—	—	—	—
Amount due for settlement after 12 months	5,500	2,500	5,500	2,500
	5,500	2,500	5,500	2,500

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net cash				
Cash	25,154	23,193	15,736	7,486
Borrowings	(5,500)	(2,500)	(5,500)	(2,500)
Net cash	19,654	20,693	10,236	4,986

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net cash/(debt) excluding JetCard cash				
Non JetCard cash	7,462	7,302	3,101	2,283
Borrowings	(5,500)	(2,500)	(5,500)	(2,500)
Net cash/(debt) excluding JetCard cash	1,962	4,802	(2,399)	(217)

All borrowings are in Sterling.

The Group's borrowings consist of a bank loan of £5.5m (2018: £2.5m) from the Company bankers. The loan was taken out on 12 August 2016 and refinanced using a new revolving credit facility provided by the Group's main banker. The facility is for £7.5m, expiring in February 2021, and carries an interest rate of 2.5% above LIBOR. The loan is secured by a floating charge over the company's assets.

19 Trade and other payables

	Group		Company	
	2019 £'000	2018 as restated ¹ £'000	2019 £'000	2018 £'000
Trade payables	6,383	4,532	3,056	2,595
Other taxation and social security payable	1,661	2,185	223	945
	8,044	6,717	3,279	3,540

1 The fair value of the trade payables acquired on the acquisition of SafeSkys Limited in 2018 has been increased by £4,000.

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

20 Other liabilities

	Group		Company	
	2019 £'000	2018 as restated ¹ £'000	2019 £'000	2018 £'000
Accruals	2,704	4,437	1,658	2,173
Other liabilities	1,032	488	80	62
Amounts owed to Group undertakings	—	—	7,179	3,993
	3,736	4,925	8,917	6,228

1 The fair value of the other liabilities acquired on the acquisition of SafeSkys Limited in 2018 has been increased by £170,000.

Amounts owed to Group undertakings are interest-free, unsecured and repayable on demand.

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

21 Deferred consideration

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within current liabilities:				
Deferred consideration in respect of SafeSkys Limited (note 31)	800	—	800	—
	800	—	800	—

	Group		Company	
	2019 £'000	2018 as restated ¹ £'000	2019 £'000	2018 as restated ¹ £'000
Within non-current liabilities:				
Deferred consideration in respect of SafeSkys Limited (note 31)	—	800	—	800
	—	800	—	800

1 The potential amount payable (£177,000) to the former owners of Clockwork Research Limited was included within deferred consideration in the 2018 Financial Statements but it should have been included in provisions as it was earnings-dependent and therefore the prior year balances have been restated here to reflect that.

22 Provisions

Within current liabilities:	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Onerous contracts ¹	207	409	—	—
Other ²	482	—	277	—
	689	409	277	—

1 The onerous contracts provision is in relation to two loss-making contracts identified in the SafeSkys business as part of the fair value exercise on acquisition. This provision will reverse over the next two financial years.

2 The other provision includes a potential duty liability of £202,000. This provision is expected to reverse within the next two financial years.

Notes to the financial statements *continued*

for the year ended 31 January 2019

22 Provisions *continued*

	Group		Company	
	2019 £'000	2018 as restated ³ £'000	2019 £'000	2018 as restated ³ £'000
Within non-current liabilities:				
Onerous contracts ¹	98	301	—	—
Dilapidation costs ²	120	120	120	120
Potential earn-out consideration ⁴	—	177	—	177
	218	598	120	297

1 The onerous contracts provision is in relation to two loss-making contracts identified in the SafeSkys business as part of the fair value exercise on acquisition. This provision will reverse over the next two financial years.

2 The dilapidation provision is in relation to the potential costs of making good any dilapidations which may occur during the course of the lease of property. This provision is expected to reverse within the next three financial years.

3 The potential earn-out consideration provision was in respect of the acquisition of Clockwork Research Limited. The earn-out amount provided for in 2018 is now confirmed as not being payable and therefore the provision has been released in the year. This amount was included within deferred consideration in the 2018 Financial Statements but it should have been included in provisions as it was earnings-dependent and therefore the prior year balance has been restated here to reflect that.

For the provisions no discounting has been included as it would be immaterial.

The range of potential outcomes is not materially different to the amounts included.

Movement in each class of provision for the Group during the financial year are set out below:

	Onerous contracts £'000	Dilapidation costs £'000	Potential earn-out £'000	Other £'000	Total £'000
Carrying amount at 1 February 2018	710	120	177	—	1,007
Charged to profit or loss:					
– Additional provisions recognised	—	—	—	482	482
Amounts used during the year	(405)	—	(177)	—	(582)
Carrying amount at 31 January 2019	305	120	—	482	907

Movement in each class of provision for the Company during the financial year are set out below:

	Dilapidation costs £'000	Potential earn-out £'000	Other £'000	Total £'000
Carrying amount at 1 February 2018	120	177	—	297
Charged to profit or loss:				
– Additional provisions recognised	—	—	277	277
Amounts used during the year	—	(177)	—	(177)
Carrying amount at 31 January 2019	120	—	277	397

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 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash held at year end without interest rates	20,933	21,134	15,130	7,479
Cash held at year end on variable interest rates	4,221	2,059	606	7
	25,154	23,193	15,736	7,486

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 1.75% (2018: 0.0% to 1.0%).

Group	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash held at year end on variable interest rates	42	21	(42)	(21)

Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash held at year end on variable interest rates	6	—	(6)	—

The Group is further exposed to interest rate risk due to variable interest owed on its borrowings, £5,500,000, 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 at which interest was payable during the year was 3.18% (2018: 3.09%).

Group and Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Borrowings on variable interest rates	(55)	(25)	55	25

Notes to the financial statements *continued*

for the year ended 31 January 2019

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash and cash equivalents	25,154	23,193	15,736	7,486
Trade and other receivables	11,593	11,085	13,447	13,671
	36,747	34,278	29,183	21,157

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 which 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 client. The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the client has been received.

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

As at 31 January 2019, the Group and Company's financial liabilities had contractual maturities which are summarised below:

Group	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade and other payables	26,952	24,340	—	—	—	—	—	—
Bank loans	—	—	—	—	5,500	2,500	—	—
Derivative financial instruments	8	12	—	—	—	—	—	—
	26,960	24,352	—	—	5,500	2,500	—	—

Company	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade and other payables	24,729	13,964	—	—	—	—	—	—
Bank loans	—	—	—	—	5,500	2,500	—	—
Derivative financial instruments	8	14	—	—	—	—	—	—
	24,737	13,978	—	—	5,500	2,500	—	—

23 Financial instruments *continued*

d) Foreign currency risk

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

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

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

Group	2019 £'000				2018 as restated £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	19,109	8,544	7,933	1,161	21,243	7,396	4,462	1,177
Financial liabilities	(16,082)	(5,519)	(5,130)	(229)	(16,378)	(3,624)	(4,230)	(120)
Short-term exposure	3,027	3,025	2,803	932	4,865	3,772	232	1,057
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	—	—	(5,500)	—	—	—	(2,500)	—
Long-term exposure	—	—	(5,500)	—	—	—	(2,500)	—
	3,027	3,025	(2,697)	932	4,865	3,772	(2,268)	1,057

Company	2019 £'000				2018 £'000			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	15,480	5,584	7,455	664	8,865	1,176	10,478	638
Financial liabilities	(16,407)	(2,309)	(5,928)	(93)	(8,644)	(1,665)	(3,562)	(107)
Short-term exposure	(927)	3,275	1,527	571	221	(489)	6,916	531
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	—	—	(5,500)	—	—	—	(2,500)	—
Long-term exposure	—	—	(5,500)	—	—	—	(2,500)	—
	(927)	3,275	(3,973)	571	221	(489)	4,416	531

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 2019 (2018: 10%). A 10% change is also assumed for the Sterling/US Dollar exchange rate (2018: 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% (2018: 10%) and 10% (2018: 10%) respectively the impact would have been as follows:

Group	2019 £'000			2018 £'000		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,911)	(854)	(2,765)	(2,124)	(740)	(2,864)
Financial liabilities	1,608	552	2,160	1,638	362	2,000
Effect on profit before tax/equity	(303)	(302)	(605)	(486)	(378)	(864)

Notes to the financial statements *continued*

for the year ended 31 January 2019

23 Financial instruments *continued***d) Foreign currency risk** *continued*

Company	2019			2018		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,548)	(558)	(2,106)	(1,009)	(83)	(1,092)
Financial liabilities	1,641	231	1,872	864	167	1,031
Effect on profit before tax/equity	93	(327)	(234)	(145)	84	(61)

If Sterling had weakened against the Euro and US Dollar by 10% (2018: 10%) and 10% (2018: 10%) respectively the impact would have been as follows:

Group	2019			2018		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,911	854	2,765	2,672	785	3,457
Financial liabilities	(1,608)	(552)	(2,160)	(1,638)	(362)	(2,000)
Effect on profit before tax/equity	303	302	605	1,034	423	1,457

Company	2019			2018		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,548	558	2,106	1,009	83	1,092
Financial liabilities	(1,641)	(231)	(1,872)	(864)	(167)	(1,031)
Effect on profit before tax/equity	(93)	327	234	145	(84)	61

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 statement of financial position date is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2018: 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 2018):

Group	2019 £'000	2018 £'000
Forward foreign exchange contracts – notional amount	368	439
Financial liability	(8)	(12)

Company	2019 £'000	2018 £'000
Forward foreign exchange contracts – notional amount	368	439
Financial liability	(8)	(14)

Changes in the fair value of derivative financial instruments amounting to £4,000 have been credited to the Group income statement in the year (2018: charge of £3,000).

Changes in the fair value of derivative financial instruments amounting to £6,000 have been credited to the Company income statement in the year (2018: charge of £3,000).

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.

23 Financial instruments *continued*

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. There is no formal policy nor target regarding the gearing ratio.

The Group's primary tool in managing risk is cash flow analysis. In addition to strategic cash flow management the Group performs frequent 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 18 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. Excluding JetCard cash the Group's gearing ratio at year end is as follows:

	2019 £'000	2018 £'000
Debt	(5,500)	(2,500)
Cash and cash equivalents	7,462	7,302
Net cash	1,962	4,802
Equity	11,681	11,523
Net cash to equity ratio	16.80%	41.67%

Debt is defined as long and short-term borrowings and other long-term liabilities as detailed in note 18.

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

g) Financial assets by category

Group	2019 £'000	2018 as restated £'000
Cash and bank balances	25,154	23,193
Trade and other receivables and accrued income	11,593	11,085
Current assets which are not financial assets	7,782	5,912
Total current assets	44,529	40,190

Company	2019 £'000	2018 £'000
Cash and bank balances	15,736	7,486
Trade and other receivables and accrued income	13,447	13,671
Current assets which are not financial assets	3,684	4,204
Total current assets	32,867	25,361

h) Financial liabilities by category

Group	2019 £'000	2018 £'000
Financial liabilities held at fair value through profit or loss	(8)	(12)
Financial liabilities measured at amortised cost	(26,952)	(24,340)
Current liabilities which are not financial liabilities	(12,322)	(13,532)
Total current liabilities	(39,282)	(37,884)

Notes to the financial statements *continued*

for the year ended 31 January 2019

23 Financial instruments *continued***h) Financial liabilities by category** *continued*

Company	2019 £'000	2018 £'000
Financial liabilities held at fair value through profit or loss	(8)	(14)
Financial liabilities measured at amortised cost	(24,729)	(13,964)
Current liabilities which are not financial liabilities	(3,927)	(12,218)
Total current liabilities	(28,664)	(26,196)

Group	2019 £'000	2018 £'000
Financial liabilities measured at amortised cost	(5,500)	(2,500)
Long-term liabilities which are not financial liabilities	(918)	(2,173)
Total long-term liabilities	(6,418)	(4,673)

Company	2019 £'000	2018 £'000
Financial liabilities measured at amortised cost	(5,500)	(2,500)
Long-term liabilities which are not financial liabilities	(120)	(1,097)
Total long-term liabilities	(5,620)	(3,597)

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

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. 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 4 to 10 years from the date of grant.

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

	2019		2018	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding as at start of year	2,475,192	18.2	2,991,584	32.2
Granted during the year	296,490	—	339,263	—
Forfeited/lapsed during the year	(397,699)	70.6	(576,455)	37.2
Exercised during the year	(642,305)	0.0	(279,200)	93.0
Outstanding at year end	1,731,678	6.1	2,475,192	18.2
Exercisable at year end	577,377	44.3	441,041	74.4

The weighted average remaining contractual life of share options outstanding at the year end was 3.04 years (2018: 5.12 years).

The exercise prices of share options outstanding at year end ranged from nil pence to 102.0 pence (2018: nil pence to 109.0 pence). The total charge for the year relating to employee share based payment plans was £252,000 (2018: £348,000).

24 Share-based payments *continued*

The following table shows the number of shares within ranges of exercise price:

	2019		2018	
	Number of share options	Cash which may be received upon exercise £'000	Number of share options	Cash which may be received upon exercise £'000
Nil pence	1,435,828	—	1,869,517	—
From 55.0 pence to 65.0 pence	206,150	120	288,025	168
From 65.0 pence to 100.0 pence	—	—	100,000	78
From 100.0 pence to 109.0 pence	89,700	91	217,650	227
Total	1,731,678	211	2,475,192	473

In the current year, options were granted on 23 July 2018. The estimated fair values of the options granted on those dates is £250,528. Inputs in to the Monte Carlo model were as follows:

	2018 Options
Weighted average share price	1.21p
Weighted average exercise price	0.00p
Expected volatility	45.89%
Expected life	3 years
Risk-free rate	0.75%
Expected dividend yields	4.50%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

25 Deferred tax

Deferred tax has been calculated at 17% (2018: 17%) 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	IFRS 3 intangibles (as restated) ¹ £'000	Net accelerated tax depreciation £'000	Share based payment £'000	Other temporary differences (as restated) ¹ £'000	Total £'000
At 1 February 2017	(666)	(77)	90	488	(165)
Arising on acquisition of subsidiaries	(140)	—	—	—	(140)
Exchange differences	—	—	—	10	10
Credit/(charge) to the income statement	57	(12)	145	(173)	17
At 31 January 2018	(749)	(89)	235	325	(278)
Exchange differences	—	—	—	(4)	(4)
Credit/(charge) to the income statement	64	2	(109)	(10)	(53)
At 31 January 2019	(685)	(87)	126	311	(335)

1 The deferred tax arising on the acquisition of subsidiaries in the prior period has been restated from £95,000 to reflect the adjusted fair value of the net assets acquired with SafeSkys Limited.

2 The adoption of IFRS 9 Financial Instruments has increased other temporary assets and the total position by £27,000 with effect from 1 February 2017.

Notes to the financial statements *continued*

for the year ended 31 January 2019

25 Deferred tax *continued*

Company	Net accelerated tax depreciation £'000	Share based payment £'000	Total £'000
At 1 February 2017	(61)	85	24
(Credit)/charge to the income statement	(25)	179	154
At 31 January 2018	(86)	264	178
(Credit) to the income statement	(4)	(114)	(118)
At 31 January 2019	(90)	150	60

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	
	2019 £'000	2018 as restated £'000	2019 £'000	2018 £'000
Deferred tax liabilities	(700)	(775)	—	—
Deferred tax assets	365	497	60	178
	(335)	(278)	60	178

At the statement of financial position 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 statement of financial position date the Group had unused tax losses of £2.2m (2018: £1.2m).

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 of £520,000 (2018: £507,000) represents contributions payable to these various schemes by the Group. As at the statement of financial position date £141,000 (2018: £69,280) was accrued in respect of such schemes.

Air Partner SAS, operates a defined benefit pension scheme. The French pension system is operated on a “pay as you go” basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from the defined contribution schemes ARRCO and AGIRC (AGIRC being solely for management). The lump sum retirement allowance must by law be paid by the employer when an employee retires.

The lump sum allowances to be paid on retirement are calculated as follows:

- ▶ For service up to 5 years: nil
- ▶ For service beyond 5 years: 1 month's basic salary plus 1/5 of a month's basic salary per year of service beyond 5 years

All permanent employees are covered by this scheme. The normal retirement age in France is 62 (62 in 2018). Benefit rights do not vest before the normal retirement age.

26 Employee benefits *continued*

Defined benefit pension

The risks of the scheme are as follows:

(a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(c) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the company pension scheme, using the projected unit basis, was carried out at 31 January 2018 by an independent consulting actuary. In the absence of the 31 January 2019 actuarial report, pension liability has been based on the assumptions below and updated for the movements in employees during the year. The valuations at that dates are based on the following assumptions:

	2019	2018
Expected rate of salary increases	1.50%	1.80%
Discount rate	1.30%	1.30%
Rate of inflation	1.50%	1.80%
Retirement age – management	65-67	65-67
Retirement age – others	65-67	65-67

Annual staff turnover rates in both years are as follows:

	2019	2018
16-24 years	50%	50%
25-29 years	40%	40%
30-34 years	30%	30%
35-39 years	20%	20%
40-44 years	10%	10%
45-49 years	5%	5%
50 years and above	1%	1%

Reconciliation of scheme liabilities:

	2019 £'000	2018 £'000
At 1 February	158	235
Current service cost	(31)	(77)
At 31 January	127	158

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

Impact on defined benefit obligation

2019	Increase in assumption	Decrease in assumption
More leavers than new joiners	—	Yes
Legal age for retirement to increase	Yes	—

Notes to the financial statements *continued*

for the year ended 31 January 2019

26 Employee benefits *continued***Defined benefit pension** *continued***Impact on defined benefit obligation** *continued*

2018	Increase in assumption	Decrease in assumption
More leavers than new joiners	—	Yes

Total cost recognised as an expense:

	2019 £'000	2018 £'000
Current service cost – within administrative expenses	31	77
Interest cost – within finance costs	—	—

27 Share capital

	2019 £'000	2018 £'000
Authorised		
75,000,000 ordinary shares of 1 pence each	750	750
Issued and fully paid		
52,217,565 ordinary shares of 1 pence each	522	522

On 25 January 2017, the Company's shareholders approved a five to one split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017.

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.

28 Share premium

	Group and Company restated ¹ £'000
Balance at 1 February 2018 and 1 January 2019	4,814

- 1 Share premium at 1 February 2018 has been restated by £118,000 from that previously reported (£4,696,000) as it had previously been incorrectly adjusted for part of 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. The error was equal but opposite to the one made to the merger reserve (across the years 2017 and 2018) as identified in note 29. There has been no impact on equity.

29 Merger reserve

	Group and Company restated ¹ £'000
Balance at 1 February 2018 and 1 January 2019	295

- 1 The merger reserve at 1 February 2018 has been restated by £118,000 from that previously reported (£413,000) as it had overstated 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. The error was equal but opposite to the one made to the share premium (across the years 2017 and 2018) as identified in note 28. There has been no impact on equity.

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 reserve

	Group and Company ¹ £'000
Balance at 1 February 2018	(748)
Disposed on exercise of options	422
Balance at 31 January 2019	(326)

1 The own shares reserve at 1 February 2018 has been restated by £70,000 from that previously reported (£818,000) due to a misstatement. The misstatement was equal and opposite to the one made to retained earnings. There has been no impact on equity.

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 option schemes (see note 24). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2019 was 146,883 ordinary shares of 1 pence each (2018: 402,690 ordinary shares of 1 pence each). A further 181,820 ordinary shares of 1 pence each (2018: 272,731 ordinary shares of 1 pence each) are held by the Trust in a nominee capacity for one beneficiary (2018: one) of the Trust. The cost of the shares in the own share reserve represents the total cost of both the ordinary shares held by the Air Partner Employee Benefit Trust and those held by the Trust in a nominee capacity.

31 Prior year acquisition of subsidiaries

On 1 September 2017, Air Partner plc acquired 100% of the issued share capital of SafeSkys Limited, obtaining control of the company on that date. SafeSkys Limited is a leading supplier of turnkey ATC services and wildlife management services. The acquisition of SafeSkys Limited adds specialist consulting expertise and knowledge to the Group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed have been modified since the provisional amounts included in the 2018 financial statements. In particular, the provisions of £710,000 relate to two onerous contracts identified in the SafeSkys business as part of the fair value exercise on acquisition. As a result, management is in discussions with the previous owner in relation to a warranty claim under the sale and purchase agreement. The revised amounts together with the original provisional amounts are as follows:

	Revised amounts £'000	Provisional amounts £'000
Fair value of net assets acquired		
Financial assets	534	632
Property, plant and equipment	87	90
Intangible assets – customer relationships	622	487
Intangible assets – SafeSkys trade name	14	14
Deferred tax liability on intangible assets	(140)	(113)
Financial liabilities	(289)	(115)
Provisions	(710)	–
Goodwill	2,882	2,005
Total net assets acquired	3,000	3,000
Satisfied by		
Cash	2,200	2,200
Deferred consideration	800	800
Total consideration	3,000	3,000
Net cash outflow arising on acquisition		
Cash consideration	2,200	2,200
Less cash and cash equivalents acquired	(226)	(226)
Net cash outflow	1,974	1,974

The balance sheet at 31 January 2018 shown as a comparative in this report has been restated for these changes.

Notes to the financial statements *continued*

for the year ended 31 January 2019

31 Prior year acquisition of subsidiaries *continued*

Deferred consideration of £400,000 was due for payment in September 2018. Due to the aforementioned warranty claim, as permitted in the sale and purchase agreement, management has offset this liability with the associated claim and not paid the due amount. At the statement of financial position date this matter had not been resolved so the maximum amount payable of £800,000 is still recognised in the accounts adopting a prudent approach.

No goodwill is deductible for tax purposes.

The goodwill of £2,882,000 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 in the previous year) amounted to £61,000.

32a Net cash inflow from operating activities

	Group		Company	
	2019 £'000	2018 as restated ¹ £'000	2019 £'000	2018 £'000
Profit for the year				
Continuing operations	2,885	3,580	5,100	3,389
Adjustments for:				
Finance income	(32)	(11)	—	(4)
Finance expense	224	138	224	139
Income tax	484	1,172	293	888
Depreciation, amortisation and loss on disposal	1,275	854	669	459
Fair value movement on derivative financial instruments	(4)	3	(6)	5
Share option cost for period	252	341	255	341
(Decrease)/increase in provisions	(100)	120	277	120
Foreign exchange differences	6	(31)	10	57
Operating cash flows before movements in working capital	4,990	6,166	6,822	5,394
Change in receivables	(2,958)	(987)	172	(8,432)
Change in payables	1,065	5,777	2,208	2,962
Cash generated from/(used in) operations	3,097	10,956	9,202	(76)

¹ Depreciation and amortisation in 2018 have been reduced by £275,000. Please refer to note 15 for further detail.

32b Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Group

	At 1 February 2018 £'000	Cash flow movements £'000	Foreign exchange £'000	At 31 January 2019 £'000
Cash	23,193	1,532	429	25,154
Debt	(2,500)	(3,000)	—	(5,500)
Net cash/(debt)	20,693	(1,468)	429	19,654

	At 1 February 2017 £'000	Cash flow movements £'000	Foreign exchange £'000	At 31 January 2018 £'000
Cash	19,795	3,928	(530)	23,193
Debt	(2,957)	457	—	(2,500)
Net cash/(debt)	16,838	4,385	(530)	20,693

32b Net debt reconciliation *continued*

Company

	At 1 February 2018 £'000	Cash flow movements £'000	Foreign exchange £'000	At 31 January 2019 £'000
Cash	7,486	8,260	(10)	15,736
Debt	(2,500)	(3,000)	—	(5,500)
Net cash/(debt)	4,986	5,260	(10)	10,236

	At 1 February 2017 £'000	Cash flow movements £'000	Foreign exchange £'000	At 31 January 2018 £'000
Cash	14,202	(6,659)	(57)	7,486
Debt	(2,957)	457	—	(2,500)
Net cash/(debt)	11,245	(6,202)	(57)	4,986

33 Operating lease arrangements

	2019 Land and buildings £'000	2018 Land and buildings as restated ¹ £'000	2019 Other £'000	2018 Other as restated ¹ £'000	2019 Total £'000	2018 Total as restated ¹ £'000
The Group as lessee						
Minimum lease payments under operating leases recognised as costs for the period	805	734	354	207	1,159	941

¹ The amounts for 2018 have been restated as previously they included the amounts for the parent company only.

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

	2019 Land and buildings £'000	2018 Land and buildings as restated (see 1 below) £'000	2019 Other £'000	2018 Other as restated (see 1 below) £'000	2019 Total £'000	2018 Total as restated (see 1 below) £'000
The Group as lessee						
Within one year	802	733	414	297	1,216	1,030
In the second to fifth year inclusive	863	1,516	1,068	895	1,931	2,411
After five years	—	—	—	—	—	—
	1,665	2,249	1,482	1,192	3,147	3,441

¹ The amounts for 2018 have been restated as previously they included the amounts for the parent company only.

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 *continued*

for the year ended 31 January 2019

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 £5,100,000 (2018: £3,389,000) including dividends from subsidiary companies of £3,026,000 (2018: £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	2019 £'000	2018 £'000
Subsidiaries		
Sales to subsidiaries	—	—
Purchases from subsidiaries	—	—
Amounts owed by subsidiaries at period end	10,953	10,409
Amounts owed to subsidiaries at period end	(7,179)	(3,993)

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 Executive Directors)	2019 £'000	2018 £'000
Short-term employee benefits	556	831
Post-employment benefits	42	38
	598	869

In addition to the above amounts, key management personnel who were also shareholders received £29,865 of dividends in respect of their shareholdings in the year ended 31 January 2019 (2018: £14,454).

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

Aggregate Directors' remuneration	2019 £'000	2018 £'000
Emoluments	1,196	1,004
Company contributions to money purchase pension contributions	42	38
	1,238	1,042

Three Directors (2018: two Directors) were members of money purchase pension schemes during the year.

Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 71 to 77.

36 Contingent liabilities

The Company's bankers hold a free and floating charge over the Company's assets.

37 Restatement of 2018 financial statements

The consolidated income statement has been restated as shown in this table:

	Note	As per 2018 financial statements £'000	Restated training and consulting direct costs ¹	Restated revenue ²	Restated revenue as a result of IFRS 15 review ³	Restated as a result of IFRS 9 review	Year ended 31 January 2018 as restated £'000
Continuing operations							
Gross transaction value (GTV)	2	261,317	—	—	—	—	261,317
Revenue	3	48,508	—	11,019	14,781	—	74,308
Gross profit	4	36,082	(1,414)	—	—	—	34,668
Administrative expenses before exceptional and other items and net impairment on financial assets		(30,192)	1,414	—	—	52	(28,726)
Exceptional and other items and net impairment on financial assets	7	(1,011)	—	—	—	—	(1,011)
Total administrative expenses		(31,203)	1,414	—	—	—	(29,737)
Net impairment losses on financial assets		—	—	—	—	(52)	(52)
Operating profit	5	4,879	—	—	—	—	4,879
Operating profit before exceptional and other items		5,890	—	—	—	—	5,890
Finance income	9	11	—	—	—	—	11
Finance costs	9	(138)	—	—	—	—	(138)
Finance costs - net		(127)	—	—	—	—	(127)
Profit before tax		4,752	—	—	—	—	4,752
Profit before tax before exceptional and other items		5,763	—	—	—	—	5,763
Income tax expense	10	(1,172)	—	—	—	—	(1,172)
Profit for the year		3,580	—	—	—	—	3,580

1 Gross profit has been restated to include the costs of staff directly engaged in delivering the training and consulting activities. This restatement has lowered both gross profit and administrative expenses before exceptional and other items by £1,414,000. There has been no change to operating profit.

2 The revenue has been restated by a £11,019,000 increase. There has been no change to gross profit. This restatement is due to:

- i) a £9,107,000 increase in respect of charter customer contracts due to a misstatement last year. This arose because certain contracts which should have been considered principal were incorrectly classified as agent; and
- ii) a £1,912,000 increase in respect of the training and consulting business segment where certain direct costs were mistakenly not grossed up for in calculating the revenue.

3 As set out in note 2a, a review of customer contracts has taken place following the introduction of the new accounting standard IFRS 15 Revenue from Contracts with Customers. As a result of this review Air Partner is now considered to be principal in certain additional types of customer contracts rather than agent, as was the case before, and therefore the revenue for the previous year has been restated for this increase.

Notes to the financial statements *continued*

for the year ended 31 January 2019

37 Restatement of 2018 financial statements *continued***Consolidated statement of financial position as at 31 January 2018**

The consolidated statement of financial position has been restated as shown in this table:

	Original £'000	SafeSkys fair value adjustments ¹	Corporation tax restatement ²	Reserves restatements ³	Deferred consideration/ provision restatement ⁴	IFRS 15 ⁵	IFRS 9 ⁶	Restated £'000
Assets								
Non-current assets								
Goodwill	5,876	877	—	—	—	—	—	6,753
Other intangible assets	5,202	135	—	—	—	—	—	5,337
Property, plant and equipment	1,191	(3)	—	—	—	—	—	1,188
Deferred tax assets	497	—	—	—	—	—	—	497
Total non-current assets	12,766	1,009	—	—	—	—	—	13,775
Current assets								
Trade and other receivables	26,612	(98)	—	—	—	(10,058)	(142)	16,314
Current tax assets	683	—	—	—	—	—	—	683
Total cash and cash equivalents	23,193	—	—	—	—	—	—	23,193
Total current assets	50,488	(98)	—	—	—	(10,058)	(142)	40,190
Total assets	63,254	911	—	—	—	(10,058)	(142)	53,965
Current liabilities								
Trade and other payables	(7,269)	(4)	556	—	—	—	—	(6,717)
Current tax liabilities	(972)	—	(556)	—	—	—	—	(1,528)
Other liabilities	(4,755)	(170)	—	—	—	—	—	(4,925)
Deferred income	(34,351)	—	—	—	—	10,058	—	(24,293)
Provisions	—	(409)	—	—	—	—	—	(409)
Derivative financial instruments	(12)	—	—	—	—	—	—	(12)
Total current liabilities	(47,359)	(583)	—	—	—	10,058	—	(37,884)
Net current assets	3,129	(681)	—	—	—	—	(142)	2,306
Non-current liabilities								
Borrowings	(2,500)	—	—	—	—	—	—	(2,500)
Deferred consideration	(977)	—	—	—	177	—	—	(800)
Provisions	(120)	(301)	—	—	(177)	—	—	(598)
Deferred tax liability	(775)	(27)	—	—	—	—	27	(775)
Total non-current liabilities	(4,372)	(328)	—	—	—	—	27	(4,673)
Total liabilities	(51,731)	(911)	—	—	—	10,058	27	(42,557)
Net assets	11,523	—	—	—	—	—	(115)	11,408

37 Restatement of 2018 financial statements *continued*

Consolidated statement of financial position as at 31 January 2018 *continued*

	Original £'000	SafeSkys fair value adjustments ¹	Corporation tax restatement ²	Reserves restatements ³	Deferred consideration/ provision restatement ⁴	IFRS 15 ⁵	IFRS 9 ⁶	Restated £'000
Equity								
Share capital	522	—	—	—	—	—	—	522
Share premium account	4,696	—	—	118	—	—	—	4,814
Merger reserve	413	—	—	(118)	—	—	—	295
Own shares reserve	(818)	—	—	70	—	—	—	(748)
Translation reserve	1,038	—	—	—	—	—	—	1,038
Retained earnings	5,672	—	—	(70)	—	—	(115)	5,487
Total equity	11,523	—	—	—	—	—	(115)	11,408

The consolidated statement of financial position at 31 January 2018 has been restated for:

- 1 The finalisation of the fair value of net assets acquired in relation to SafeSkys Limited which was acquired in September 2017.
- 2 A balance sheet misclassification which was made at 31 January 2018, when £556,000 of current tax liability was included in trade and other payables in error.
- 3 Misstatements which were made in respect to the share premium account, merger reserve, own share reserves and retained earnings.
- 4 The earn-out amount provided in respect of the Clockwork acquisition was included in deferred consideration but should have been included in provisions as it was earnings dependent.
- 5 The adoption of IFRS 15 which has reduced both trade and other receivable and deferred income amounts by £10,058,000. The equivalent reductions made in the consolidated statement of financial position at 31 January 2019 were £16,293,000.
- 6 The adoption of IFRS 9 which has reduced trade and other receivables by £142,000, reduced the deferred tax liability by £27,000 and retained earnings by £115,000.

Notes to the financial statements *continued*

for the year ended 31 January 2019

37 Restatement of 2018 financial statements *continued*

Company statement of financial position as at 31 January 2018

The Company statement of financial position has been restated as shown in this table:

	Original	Reserves restatements ¹	Deferred consideration/ provision restatement ²	IFRS 15 ³	Restated £'000
Assets					
Non-current assets					
Intangible assets	1,045	—	—	—	1,045
Property, plant and equipment	616	—	—	—	616
Investments	12,350	—	—	—	12,350
Deferred tax assets	178	—	—	—	178
Total non-current assets	14,189	—	—	—	14,189
Current assets					
Trade and other receivables	21,785	—	—	(4,476)	17,309
Current tax assets	566	—	—	—	566
Total cash and cash equivalents	7,486	—	—	—	7,486
Total current assets	29,837	—	—	(4,476)	25,361
Total assets	44,026	—	—	(4,476)	39,550
Current liabilities					
Trade and other payables	(3,540)	—	—	—	(3,540)
Current tax liabilities	(976)	—	—	—	(976)
Other liabilities	(6,228)	—	—	—	(6,228)
Deferred income	(19,914)	—	—	4,476	(15,438)
Derivative financial instruments	(14)	—	—	—	(14)
Total current liabilities	(30,672)	—	—	4,476	(26,196)
Net current liabilities	(835)	—	—	—	(835)
Non-current liabilities					
Borrowings	(2,500)	—	—	—	(2,500)
Deferred consideration	(977)	—	177	—	(800)
Provisions	(120)	—	(177)	—	(297)
Total non-current liabilities	(3,597)	—	—	—	(3,597)
Total liabilities	(34,269)	—	—	4,476	(29,793)
Net assets	9,757	—	—	—	9,757
Equity					
Share capital	522	—	—	—	522
Share premium account	4,696	118	—	—	4,814
Merger reserve	413	(118)	—	—	295
Own shares reserve	(818)	70	—	—	(748)
Retained earnings	4,944	(70)	—	—	4,874
Total equity	9,757	—	—	—	9,757

The Company statement of financial position at 31 January 2018 has been restated for:

- 1 Misstatements which were made in respect to the share premium account, merger reserve, own share reserves and retained earnings.
- 2 The earn-out amount provided in respect of the Clockwork acquisition which was included in deferred consideration but should have been included in provisions as it was earnings dependent.
- 3 The adoption of IFRS 15 which has reduced both trade and other receivable and deferred income amounts by £4,476,000. The equivalent reductions made in the consolidated statement of financial position at 31 January 2019 were £5,713,000.

Notice of Annual General Meeting

Notice is hereby given that the 2019 Annual General Meeting (AGM) of Air Partner plc (the Company) will be held at 11:00 on Wednesday 26 June 2019 at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA to consider and, if thought fit, to pass the resolutions below, of which resolutions 1 to 15 will be proposed as ordinary resolutions, and resolutions 16 to 19 will be proposed as special resolutions:

Ordinary resolutions

Annual Report and Accounts

1. To receive the Company's audited financial statements and the Auditors' and Directors' Reports for the year ended 31 January 2019.

Directors' remuneration

2. To approve the Directors' Remuneration Report (excluding the Directors' remuneration policy, set out on pages 60 to 70 of the Directors' Remuneration Report), in the form set out in the Company's Annual Report and Accounts for the year ended 31 January 2019.
3. To approve the Directors' remuneration policy, as set out on pages 60 to 70 of the Directors' Remuneration Report, which takes effect immediately after the end of the AGM.

Dividend

4. That the final dividend recommended by the Directors of 3.85p per ordinary share for the financial year ended 31 January 2019 be declared payable on 4 July 2019 to all members whose names appear on the Company's register of members at 18:00 on 7 June 2019.

Directors

5. To re-elect Mark Briffa as a Director of the Company.
6. To re-elect Richard Jackson as a Director of the Company.
7. To re-elect Amanda Wills as a Director of the Company.
8. To elect Joanne Estell, appointed to the Board since the last AGM, as a Director of the Company.
9. To elect Ed Warner, appointed by the Board since the last AGM, as a Director of the Company.
10. To elect Paul Dollman, appointed by the Board since the last AGM, as a Director of the Company.

Auditors

11. To appoint PricewaterhouseCoopers LLP as the Company's auditors to the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.
12. To authorise the Audit and Risk Committee of the Company to determine the remuneration of the auditors.

Directors' authority to allot shares

13. To generally and unconditionally authorise the Board pursuant to and in accordance with Section 551 of the Companies Act 2006 (the Act), in substitution for all previous authorities to the extent unused, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
 - a) up to an aggregate nominal amount of £174,303; and
 - b) comprising equity securities (as defined in Section 560 (1) of the Act) up to a further aggregate nominal value of £174,303 in connection with an offer by way of a rights issue,

such authorities to expire at the conclusion of the 2019 AGM or, if earlier, at 18:00 on 26 September 2020 (unless previously renewed, varied or revoked by the Company at a general meeting), save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the authority ends and the Directors may allot such securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

Notice of Annual General Meeting *continued*

Ordinary resolutions *continued*

Directors' authority to allot shares *continued*

For the purposes of this resolution, 'rights issue' means an offer to:

- a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities are due, but subject in both cases to such exclusions or other arrangements as the Directors consider necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Removal of restriction on authorised share capital

14. That in accordance with paragraph 42(2)(b) of Schedule 2 of the Companies Act 2006 (Commencement No 8, Transitional Provisions and Savings) Order 2008, the restriction on the authorised share capital of the Company set out in clause 6 of the memorandum of association of the Company, which by virtue of section 28 of the Companies Act 2006 is treated as a provision of the Company's Articles of Association, is hereby revoked and deleted.

Approval of the Air Partner plc Save as You Earn plan

15. That:

- (a) the Air Partner plc Save As You Earn plan (the SAYE), the principal terms of which are summarised in the Explanation to the Resolutions appended to this Notice of Meeting, be and is hereby approved and that the Directors be and are hereby authorised to adopt the SAYE and to do all acts and things which they may consider necessary or expedient to carry the SAYE into effect, including approving the rules of the SAYE; and
- (b) the Directors be and are hereby authorised to establish such further plans based on the SAYE or schedules to the SAYE as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans or schedules are treated as counting against any limits on overall participation in the SAYE.

Special resolutions

Disapplication of pre-emption rights

16. That if resolution 13 is passed, the Board be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:

- a) to allotments for rights issues and other pre-emptive issues; and
- b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £26,145.

such authority to expire at the end of the next AGM of the Company or, if earlier, at 18:00 on 26 September 2020 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Special resolutions *continued*

Disapplication of pre-emption rights *continued*

17. That if resolution 13 is passed, the Board be authorised in addition to any authority granted under resolution 16 to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £26,145; and
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this AGM (Notice),

such authority to expire at the end of the next AGM of the Company or, if earlier, at 18:00 on 26 September 2020 save that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Purchase of own shares

18. That the Company be generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (as defined in Section 693 of the Act) of ordinary shares of 1p each in the capital of the Company (ordinary shares) provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is 5,229,094;
- b) the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 1p per share, being the nominal amount thereof;
- c) the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of: (i) 5% above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS); and
- d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the next AGM, save that the Company may before such expiry make a contract or agreement to make a market purchase of its own ordinary shares which will or may be executed wholly or partly after the expiry of such authority and the Company may purchase such shares as if the authority conferred hereby had not expired.

Notice of general meetings

19. That a general meeting of the Company other than an AGM may be called on not less than 14 clear days' notice, provided that the authority granted pursuant to this resolution 19 shall expire at the end of the 2020 AGM of the Company.

By order of the Board



Judith Banks
Company Secretary
Air Partner plc

Registered office:
2 City Place
Beehive Ring Road
Gatwick
West Sussex RH6 OPA

Registered in England and Wales

Registration number 00980675

Notice of Annual General Meeting *continued*

Please read the following notes and the explanation of the resolutions before deciding how to vote.

Notes

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) and section 360B(2) of the Act, only those shareholders registered in the register of members of the Company at close of business on 24 June 2019 (or, in the event of any adjournment, at close of business on the day which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the AGM. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at www.signalshares.com. Appointment of a proxy does not preclude you from attending and voting at the meeting in person. However, if you do so, the proxy previously appointed will not be able also to attend, speak or vote on your behalf.
3. Shareholders can:
 - appoint a proxy and give proxy instructions by returning a form of proxy (see notes 4 and 5 below);
 - register their proxy appointment electronically (see note 6 below); or
 - if they hold shares in CREST, register their proxy appointment by utilising the CREST electronic proxy appointment service (see notes 7 to 14 (inclusive) below).
4. A paper form of proxy can be requested from the registrar, as explained in paragraph 19 below. To be valid any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 11:00 on 24 June 2019 (or, in the event of any adjournment, 48 hours before the time fixed for the adjourned meeting).
5. In the case of a shareholder which is a corporation, the form of proxy must be executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution. The power of attorney or authority (if any) should be returned with the form of proxy.
6. Shareholders may appoint a proxy electronically by visiting www.signalshares.com. To be valid, your proxy appointment and instructions should reach the Company's registrars by 11:00 on 24 June 2019 (or, in the event of any adjournment, 48 hours before the time fixed for the adjourned meeting). By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:
 - cast your vote;
 - change your dividend payment instruction;
 - update your address; and
 - select your communication preference.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Notes continued**Appointment of proxies continued**

8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it relates to the appointment of a proxy, or is an amendment to the instruction given for a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID: RA10) by 11:00 on 24 June 2019 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).
10. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 (as amended).
11. Shareholders may use the Proxy form or electronic proxy voting arrangements to vote in one of three ways: 'for', 'against' or 'vote withheld'. Please note that a 'vote withheld' has no legal effect and will count neither for nor against a resolution when proxy votes are counted on each resolution.
12. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
13. You can change your proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time has passed will be disregarded. If you submit more than one valid proxy appointment, the latest valid appointment received before the cut-off time for the receipt of proxies will take precedence.
14. An electronic proxy appointment may be revoked completely by sending an authenticated CREST message or by accessing your account at www.signalshares.com and instructing the removal of your proxy vote. In the case of written proxy instructions submitted on a Proxy form, you will need to inform the Company by sending a signed written statement, clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Any revocation notice must be received by Link Asset Services no later than 11:00 on 24 June 2019.

Notice of Annual General Meeting *continued*

Notes *continued*

Nominated persons

15. The right to appoint a proxy does not extend to a 'nominated person', that is, someone to whom this Notice is sent because they have been nominated to enjoy information rights, under Section 146 of the Act. A nominated person may have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend, speak and vote at the AGM, under an agreement between him/her and the member who nominated him/her.
16. If a nominated person does not have a right to be appointed, or to have someone else appointed, as a proxy, or does not wish to exercise such a right, he or she may still have the right, under an agreement between him/herself and the member who nominated him/her, to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the member who nominated them for further information on these matters.

Corporate representatives

17. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Right to ask questions

18. All members and all proxies attending the meeting have the right to ask questions relating to the business of the meeting and to have those questions answered unless:
 - a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or
 - b) the answer has already been given on a website in the form of an answer to a question; or
 - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Total voting rights

19. As at 7 May 2019, being the last practicable day before publication of this Notice, the Company's issued share capital was 52,290,943 ordinary shares of 1p each, each carrying one vote. The total number of voting rights in the Company as at 7 May 2019 is therefore 52,290,943.

Voting on a poll

20. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. Although all shareholders are encouraged to come to the AGM and engage with the Company, we understand that many cannot do so. Calling a poll on each resolution allows all proxy votes cast to be counted and reported.

Joint shareholdings

21. In the case of a joint shareholding, the vote of the first named holder shown on the register of members, whether tendered in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Documents on display

22. Copies of Executive Directors' service contracts and Non-executive Directors' letters of appointment will be available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available at the place of the AGM for inspection for at least 15 minutes prior to and during the meeting itself.

Notes continued**Information available on website**

23. Of this Notice, the Annual Report and all information required by Section 311A of the Act, together with details of any members' statements, members' resolutions and members' items of business received after the date of this Notice and required to be published on a website by Section 527 of the Act, will be published on our website: www.airpartner.com/investors.

Members' rights

24. Members representing 5% or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the meeting and hold shares on which there has been paid up an average sum, per member, of £100 or persons satisfying the requirements set out in Section 153(2) of the Act) may:
- a) require the Company, under Section 338 of the Act, to give notice of a resolution which may properly be moved at the meeting. Any such request, which must comply with Section 338(4) of the Act, must be received by the Company no later than six weeks before the date fixed for the meeting;
 - b) require the Company, under Section 338A of the Act, to include a matter (other than a proposed resolution) in the business to be dealt with at the meeting. Any such request, which must comply with Section 338A(3) of the Act, must be received by the Company no later than six weeks before the date fixed for the meeting; and
 - c) require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under Section 527 of the Act.

Communications

25. You may not use any electronic address provided either in this Notice or in any related documents (including the shareholder letter and Proxy form) to communicate with the Company for any purposes other than those expressly stated.
26. If you need help with voting online, or require a paper Proxy form, please contact our Registrar, Link Asset Services by email at enquiries@linkgroup.co.uk, or you may call Link on 0871 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK. We are open between 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Submission of a proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

Explanation of the resolutions to be proposed at the AGM

Resolution 1 – Annual Report and Accounts

For each financial year, the Directors are required by the Act to present the Annual Report and Accounts, comprising audited financial statements, the Auditors' Report, the Strategic Report, the Directors' Report and the Directors' Remuneration Report, to shareholders at a general meeting. This is an Ordinary Resolution to receive the Annual Report and Accounts for the year ended 31 January 2019.

Resolutions 2 and 3 – Directors' remuneration

In accordance with the Act, the Company proposes Resolution 2 as an Ordinary Resolution to approve the Directors' Remuneration Report, other than the part containing the Directors' remuneration policy, for the financial year ended 31 January 2019. The Directors' Remuneration Report is set out on pages 56 to 77 of the Annual Report and Accounts. The vote on this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

Resolution 3 proposes an Ordinary Resolution to approve the Directors' remuneration policy contained in the Directors' Remuneration Report. The proposed Directors' remuneration policy is set out on pages 60 to 70 of the Annual Report and Accounts. The vote on this resolution is binding and, if passed, will mean that the Directors can only make remuneration payments in accordance with the approved policy unless such payments have otherwise been approved by a separate shareholder resolution. The Company is required to ensure that a vote on its remuneration policy takes place annually unless the approved policy remains unchanged, in which case the Company need only propose a similar resolution at least every three years.

The shareholders of the Company approved the current Directors' remuneration policy at the Company's 2016 AGM and in 2017 and 2018 there were no changes to that policy.

Resolution 4 – Dividend

The Directors have proposed a final dividend of 3.85p per share for the year ended 31 January 2019. If approved, the final dividend will be paid on 4 July 2019 to shareholders on the register at 18:00 on 7 June 2019.

Resolutions 5 to 10 – Directors

In accordance with the 2016 UK Corporate Governance Code, all Directors shall be subject to annual election by shareholders and accordingly all Directors are submitting themselves for re-election by shareholders.

The Company's Articles of Association state that any Director appointed by the Board during the year must stand at the next AGM following appointment. Joanne Estell, Ed Warner and Paul Dollman were appointed Directors on 10 September 2018, 1 April 2019 and 1 May 2019 respectively and now stand for election by shareholders. Each of Resolutions 5 to 10 shall be proposed as an Ordinary Resolution. The Board believes that each Director brings considerable and wide-ranging skills and experience and valuable contribution to the deliberations of the Board. Each Director has continued to perform effectively and demonstrate commitment to their role. The Board has no hesitation in recommending the re-election of the Directors to shareholders. In making these recommendations, the Board confirms that it has given careful consideration to the Board's balance of skills, knowledge and experience and is satisfied that each of the Directors putting themselves forward for re-election has sufficient time to discharge their duties effectively, taking into account their other commitments.

The Board has reviewed the independence of its Directors and taken into consideration the guidance provided in the UK Code. Accordingly, the Board considers Ed Warner, Richard Jackson, Amanda Wills and Paul Dollman to be independent in accordance with provision B.1.1 of the Code.

The biographies of the Directors seeking re-election are set out in the Annual Report and Accounts on page 47.

Resolution 11 and 12 – Auditors

As was explained in the 2019 Annual Report, the Audit Committee undertook a competitive tender process for the Company's external audit services during 2018.

Following that process, the Audit Committee recommended to the Board that PricewaterhouseCoopers LLP be appointed as the Company's auditors, as announced by the Company by means of an RNS announcement on 6 October 2018. Reference to the auditors' appointment is in the Annual Report and Accounts on page 54.

Resolution 11 and 12 – Auditors *continued*

On 6 November 2018, Deloitte LLP resigned as auditors of the Company. As required by section 519 of the Act, the retiring auditors provided a statement of circumstances, which the Company distributed to members under section 520 of the Act by means of a letter dated 20 November 2018. In the same letter, members were notified of the appointment of PricewaterhouseCoopers LLP, which had been made by the Directors pursuant to Section 489(3)(c) of the Act (appointment of a new auditor to fill a casual vacancy).

The Company is required to appoint auditors at every general meeting of the Company at which accounts are presented to shareholders. The current appointment of PricewaterhouseCoopers LLP as the Company's auditors will end at the conclusion of the Annual General Meeting and it has advised of its willingness to stand for re-appointment. Resolution 11 proposes the appointment by members of PricewaterhouseCoopers LLP as auditors of the Company until the conclusion of the Company's AGM in 2020.

Resolution 12 requests authority for the Audit and Risk Committee to set the remuneration of the auditors.

Resolution 13 – Directors' authority to allot shares

The authority of shareholders is required to enable Directors to allot shares. The authority conferred on the Directors at the 2018 AGM to allot shares or grant rights to subscribe for or to convert any securities into shares in the Company expires at the conclusion of the forthcoming AGM. This Ordinary Resolution seeks authority for the Directors to allot shares or grant rights to subscribe for or convert securities into shares.

Resolution 13(a) seeks to grant the Directors authority to allot, pursuant to section 551 of the Act, shares and grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £174,303. This represents 17,430,300 ordinary shares of 1p each, which is approximately one third of the Company's issued ordinary share capital as at 7 May 2019, (being the latest practicable date prior to the publication of this Notice).

In accordance with The Investment Association's Share Capital Management Guidelines (the Guidelines), Resolution 13(b) seeks to grant the Directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal value of £174,303 (representing 17,430,300 ordinary shares of 1p each). This amount represents one third of the Company's issued ordinary share capital as at 7 May 2019 (being the latest practicable date prior to the publication of this Notice).

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the conclusion of the AGM of the Company to be held in 2020, or at 18:00 on 26 September 2020, whichever is sooner. The Directors have no present intention of exercising either of the authorities under this resolution other than to allot shares pursuant to the Company's share schemes in the ordinary course, but the Board wishes to ensure that the Company has maximum flexibility in managing the financial resources of the Company.

As at the date of this Notice, no shares are held by the Company in treasury.

Resolution 14 – Removal of restriction of authorised share capital

The concept of authorised share capital that existed under the Companies Act 1985 was abolished by the Act. This means that the number of shares a company incorporated pursuant to the Act can allot and issue will be unlimited unless its articles of association contain a restriction to the contrary.

For companies such as the Company that were incorporated prior to the Act, the restriction on authorised share capital set out in its memorandum of association is deemed to be a provision in its articles setting the maximum amount of shares that the Company may allot. However, such companies are not required to retain this restriction on share capital and it can be removed by Ordinary Resolution. At present, the authorised share capital of the Company is £750,000, comprised of 75,000,000 ordinary shares of 1p each and the Company has allotted and issued 52,290,943 ordinary shares of 1p each. If resolution 13 were passed and the Company were to allot the maximum number of ordinary shares permitted under that resolution (34,860,600) the Company would be in breach of the restriction on its authorised share capital.

Accordingly, and in order to avoid having to request shareholder approval to increase the authorised share capital in addition to approval for the authority to allot upon each occasion that the authority to allot is increased, it is proposed that the restriction of authorised share capital be removed. If resolution 14 is passed, the maximum number of shares that could be allotted would be as determined in accordance with resolution 13; as discussed in relation to resolution 13 above, the Directors have no present intention to allot shares other than pursuant to the Company's share schemes in the ordinary course.

Explanation of the resolutions to be proposed at the AGM *continued*

Resolution 15 – Approval of the Air Partner plc Save as You Earn plan

Resolution 15 seeks approval of the Air Partner plc Save as you Earn plan (the SAYE). Under the terms of the SAYE the Company will be able to offer employees within the Group the chance to acquire tax-favoured share options which they can exercise using savings deducted from their salary. The Directors believe that savings-related share options provide an important means of enabling employees throughout the Group to share in the future success of the Company. It is therefore proposed that shareholders be asked to approve the SAYE and authorise the Directors to adopt the SAYE. A summary of the principal terms of the proposed SAYE is set out in the Appendix to this Notice of Meeting.

Resolutions 16 and 17 – Disapplication of pre-emption rights

Resolutions 16 and 17 will be proposed as special resolutions seeking to renew the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by resolution 13, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. The authority granted under resolution 16 shall only be used in connection with a pre-emptive offer, or otherwise, up to an aggregate nominal amount of £26,145, being approximately 5% of the total issued ordinary share capital of the Company (excluding treasury shares) as at 7 May 2019.

In addition to the authority provided by resolution 16, the Pre-Emption Group Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related use for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group, resolution 17 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 13, or sell treasury shares, for cash up to a further nominal amount of £26,145, being approximately 5% of the total issued ordinary share capital of the Company as at 7 May 2019, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in resolution 17 is used, the Company will publish details of the placing in its next Annual Report.

If these resolutions are passed, the authorities will expire at the end of the next AGM or at 18:00 on 26 September 2019, whichever is the earlier. The Board considers the authorities in resolutions 16 and 17 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board does not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non-pre-emptive basis in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-Emption Group's Statement of Principles) without prior consultation with shareholders.

Resolution 18 – Purchase of own shares

Resolution 18 will also be proposed as a special resolution and seeks authority for the Company to make market purchases of its own ordinary shares up to a limit of approximately 10% of the issued ordinary share capital as at 7 May 2019, being 5,229,094 ordinary shares. The authority requested would replace a similar authority granted last year and would expire at the end of the 2020 AGM.

The resolution sets the minimum and maximum amounts which may be paid for such shares. This authority would only be exercised if the Directors considered that there was likely to be a beneficial impact on earnings per share and that it would be in the best interests of the Company as a whole. Shares purchased would either be held as treasury shares or would be cancelled. Treasury shares can be re-sold for cash, cancelled or used for the purposes of employee share schemes. No dividends are paid on shares while held in treasury and no voting rights attach to treasury shares. The Directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares would give the Company the ability to re-sell or transfer them in the future and so provide the Company with additional flexibility in the management of its capital base. It is the Company's current intention to satisfy the requirements of its share schemes either by acquiring shares in the market or, subject to institutional guidelines, issuing new shares or using shares held in treasury.

Resolution 18 – Purchase of own shares *continued*

No shares were repurchased and cancelled during the period 1 February 2018 to 31 January 2019. Options to subscribe for 1,731,679 ordinary shares were outstanding under the Company's share schemes as at 9 May 2019, representing 3.3% of the issued ordinary share capital at that date.

Resolution 19 – Notice of general meetings

Resolution 19 is an annual permission request for general meetings, other than the AGM, to be called on 14 clear days' notice. There is no current intention to hold such a meeting but the Directors wish to retain the ability to call a meeting on shorter notice if the circumstances should require it. The Companies (Shareholders' Rights) Regulations 2009 specify that approval must be sought from shareholders by special resolution at an annual or subsequent general meeting and the Company would need to make a means of electronic voting available to all shareholders for any general meeting called on less than 21 clear days' notice. If passed, the resolution would remain valid until the end of the 2020 AGM.

Voting

The Company intends to call a poll on all resolutions. This means that the votes of all shareholders, including the majority of our shareholders who cannot attend the meeting but who submit a Proxy form, can be counted. Please complete your proxy appointment as soon as possible as described in the notes above.

Recommendation

The Directors consider the proposed resolutions set out in this Notice to be in the best interests of the Company and shareholders as a whole and unanimously recommend that shareholders should vote in favour of all the resolutions.

Air Partner plc

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West Sussex RH6 0PA
+44 (0)1293 844 800

www.airpartner.com

Shareholder information

Company information

Air Partner plc is registered in England and Wales, no. 980675. VAT registration no. GB 771 9226 12

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Registrars

Share registrars

Link Asset Services

Shareholder enquiries

Telephone: 0871 664 0300

(Calls cost 12 pence per minute plus network extras).

Lines are open Monday - Friday, 9:00am - 5.30pm

Link Asset Services

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

E-mail: enquiries@linkgroup.co.uk



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