



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

# Where partnership can take us

ANNUAL REPORT 2020

# Growth through partnership

Founded in 1961, Air Partner is a world-leading global aviation services group providing aircraft charter and aviation safety and security solutions to industry, commerce, governments and private individuals, across civil and defence organisations. Working in partnership with our clients, we are dedicated to delivering tailored solutions across our breadth of service offering that goes above and beyond. With a strong geographic presence and 24-hour year-round flight operations centre, our team of aviation professionals consistently puts our customers first to deliver the extraordinary.

## Strategic report

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# Highlights 2020

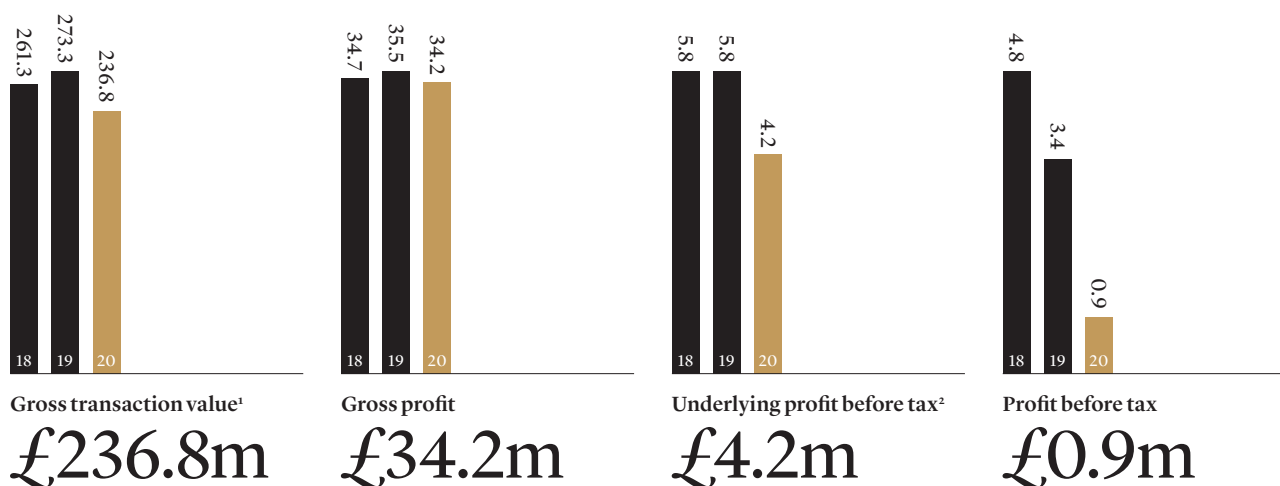
## Strategic highlights

- ▶ Strategically important acquisition of Redline made in December 2019 for a total consideration of £10.0m, further diversifying the Group's revenue streams and broadening its portfolio of aviation products and services
- ▶ Consulting & Training division renamed Safety & Security following the acquisition of Redline
- ▶ Investment made in three new offices in Houston (Q1), Singapore (Q1) and Dubai (Q4)

## Operational highlights

- ▶ Tough trading period for Charter, characterised by repeat spending delays and no significant one-off events
- ▶ US Private Jets up 42.5%, reflecting prior year investment in US offices and people
- ▶ Safety & Security division now contributes 13.5% to Group gross profit (FY19: 11.9%) and continues to grow as a percentage of Group profits

## Financial highlights



	2020	2019
Underlying continuing basic EPS	6.4p	9.6p
Basic continuing EPS	0.6p	5.6p
Final dividend	—	3.85p
Total dividend per share	1.8p	5.6p
Net (debt)/cash	(£6.9m)	£2.0m

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

2. Underlying profit is stated after exceptional and other items. Please refer to note 2 and 7 in the accounts.



# Purpose, vision, mission

As we have grown and diversified our services and offering, we have also ensured our brand is able to support our continued growth and expansion. Whilst our services reach from aircraft charter to aviation safety consulting, our brand's purpose, vision and values unite us and underpin our strategy.

Our purpose:

**We deliver the extraordinary to fly our world.**

This is our purpose; it is why we exist and what we continually strive for.

Our vision:

What do we want to achieve?

**To be a world-class aviation services group.**

Our mission:

How will we get there?

**By putting our customers first, we create the difference.**

Our values:

Our strong values are embedded into our business to help unite us and deliver our Company vision and goals.

**Care deeply**

Customer First is in our DNA, whether our customers are internal or external. Treat people how you like to be treated. So work closely, listen carefully and respond with warmth and humility. Exceed people's expectations. Deeply value their contributions. Always go the extra mile.

**Take responsibility**

Be the trusted partner people count on. Do what you say you'll do and follow through. Taking full responsibility shows true respect. So if something goes wrong, be open, transparent and honest. Employ ingenuity and integrity to find the fair way forward.

**Live your passion**

Let your passion for work fuel your hunger to discover the new. Stay curious and informed, fearlessly trying fresh approaches that propel everyone forward. Respect each other's know-how and amplify expertise, sharing it to help everyone improve.

**Work as one**

Support and empower each other, as one team – one Air Partner Group. Build, nurture and value roles and relationships with one another. Seek ways to collaborate. Be a champion connector of people, places and services – seeking opportunities to strengthen our commercial and creative success.

**Be extraordinary**

Extraordinary is a big word. It asks big things of us. To go above and beyond. Push that bit more in everything you do. It's the attitude that turns up the volume on what you believe – and it's vital that we do this, to set us apart as an organisation.



# Investing in Air Partner

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 and 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 Safety & Security division which is amongst the world's most influential in aviation safety.

*i* Board of Directors: p58–59, Executive Team: p60, Market overview: p10–11

## A culture of service and 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.

*i* Case study: p13, p25

## Diverse and 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 multiple sectors and as well as military and civil organisations. Within this, no one customer makes up more than 10% of gross profits on our run rate business.

*i* Business model: p8–9

## 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.

*i* Strategy: p15–17

## A focus on growth – both organic and 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 Safety & Security division.

*i* Strategy: p16, Chief Executive Officer's review: p12

## Sound financial position

An asset light business with a track record of strong cash generation, which is a factor that underpins our long-term growth strategy.

*i* KPIs: p18–19

## 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 have a track record of delivering strong returns to shareholders, having distributed £13.5m in dividends over the past five years. (Note: the final dividend for financial year ending 31 January 2020 has been suspended and we will re-evaluate once the risks related to COVID-19 have subsided.)

*i* KPIs: p19, Chair's statement: p7

# A partnership across our global aviation services

A world-leading, global aviation services group providing aircraft charter and aviation safety and security solutions to industry, governments, private individuals and civil defence organisations. Our reputation and wide-ranging services allow us to partner with our clients to provide them with a broad portfolio of services to match their requirements.

## Our global locations



Experience

59yrs

Aviation professionals

c.450

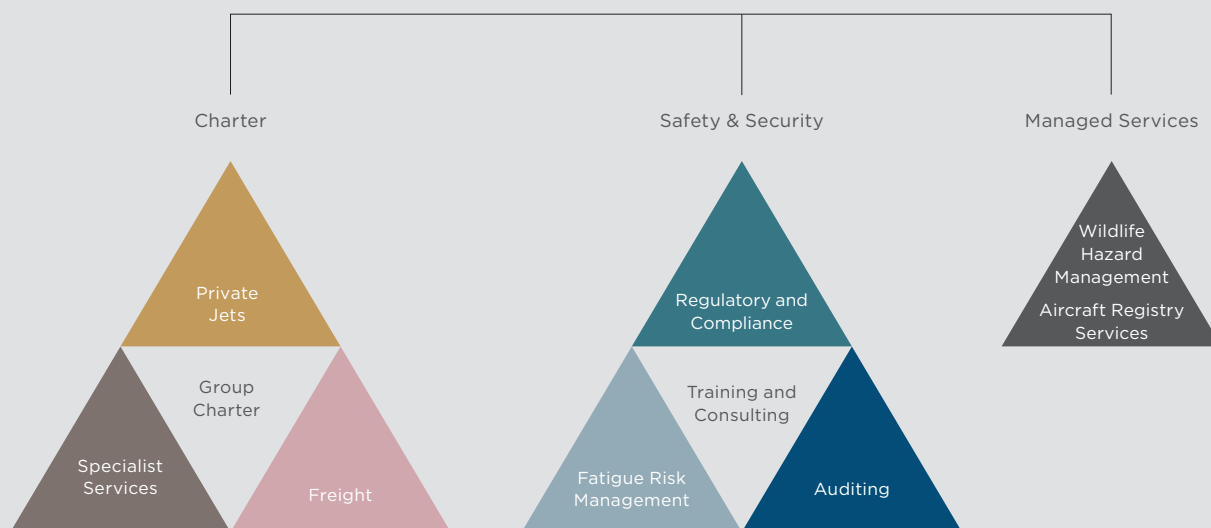
Global locations

16





AIR PARTNER PLC



## Charter

We help all kinds of industries and individuals reach their destinations and goals with our charter services, 24/7 all year round. Our tailored solutions meet often complex requirements across a suite of services, including Group Charter, Private Jets, Freight and other Specialist Services. Keeping the world moving, one journey at a time.

### Group Charter

Charter of aircraft for larger groups (20+ people) for governments, corporates, sports and entertainment industries, industrial and manufacturing customers, and tour operators. Our services also include short-term aircraft leasing, covering both commercial and private aircraft.

### Private Jets

Charter of smaller aircraft (up to 19 people) for corporates and high net worth individuals. We offer a range of solutions to meet our customers' Private Jet requirements, from OnDemand and a flexible JetCard membership programme to custom proposals, whether travelling for business or leisure.

### 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.

### Specialist Services

A range of other aviation services that complement our Charter business – Scheduled Group Travel, Tour Operations, Air Evacuation, Aircraft Sales and Leasing and Flight Operations.

<sup>(i)</sup> Divisional Reviews: p20–24

**Note: Diagram size is not representative of gross profit contribution to the Group.**

## Safety & Security

Safety & Security is our newly formed division resulting from the recent acquisition of Redline Worldwide Limited (Redline). Our highly technical experts empower clients to resolve compliance and regulatory performance challenges. We support the aviation and transport sectors, critical national infrastructure, armed forces, governments and regulators globally to address risks and vulnerabilities throughout their organisations.

### Safety

Aviation safety experts at Baines Simmons offer training, consulting and managed Services such as fatigue risk management and auditing. A range of services that help to advance best practice and shape safety thinking, driving continuous improvement throughout organisations globally.

### Security

Redline's mission is to enhance the delivery of assured security in regulated, high value and high threat environments. Our government-standard security solutions are trusted by aviation, critical national infrastructure, event security and corporate organisations.

<sup>(i)</sup> Divisional Reviews: p20–24

## Managed Services

By drawing upon our large pool of expertise, we help clients manage complex projects. Our range of managed services include Wildlife Hazard Management and Aircraft Registry Services.

# Significant acquisition in Safety & Security



**Ed Warner,**  
Chair

“Our Group has a robust business model and sound strategy and our work during this COVID-19 crisis has demonstrated the value of our diversified aviation services.”

It seems strange to be reporting on the past financial year now, given how different the world is today in the midst of the COVID-19 pandemic. That is not to say that these results are unimportant, but the global aviation sector has been severely impacted over recent months. As a consequence, our operating environment has changed dramatically and is likely to remain so for the foreseeable future. However, we moved quickly to protect our people, and I can reassure shareholders that Air Partner is very well positioned to prosper, whatever the future may hold for our industry.

There is no doubt that the macroeconomic backdrop during my first year as Air Partner Chair has been challenging, even before the current global crisis. We reported a solid first half performance, despite many customer projects and programmes shifting from H1 to H2 due to Brexit uncertainty. This uncertainty was then further compounded by the calling of a UK general election in December, which undermined profitability towards the end of our financial year.

Throughout the year, there was a lack of major events worldwide that required our emergency charter services, which held back profits in this core division. Now, of course, there is a sad irony in reporting this dearth of crisis charters.

Overall, Group gross profit fell year on year by 3.7% to £34.2m in the year ended 31 January 2020 (FY19: £35.5m). Underlying profit before tax was £4.2m, 27.6% lower than the

prior year (FY19: £5.8m). Statutory reported profit before tax was 73.5% lower at £0.9m (FY19: £3.4m), driven by a £1.9m impairment charge taken in the year, full details of which are disclosed in note 13.

Having spent the past 13 months getting to know Air Partner, it is clear to me that we have the right strategy, business model and people in place. The global charter business can be volatile, with limited visibility, but the exceptional volume of work undertaken for customers worldwide in recent weeks is testament to the capability of our teams and a reminder of the real value of this division. Mindful of the low predictability of overall charter volumes, we have acted in recent years to diversify our profit streams within the aviation industry, resulting in a higher overall quality of earnings. This is undoubtedly the correct strategic course for the Group.

Our acquisition of security company Redline Worldwide Limited (Redline) in December 2019 is an excellent example of this diversification. It progresses our strategy of pursuing targeted acquisitions that enhance our customer offering by extending the portfolio of aviation services within our Consulting & Training division, which we have now renamed Safety & Security. We expect that Redline will increase visible, steady and recurring revenues for the Group in the long term, once the current COVID-19 crisis has passed. I am delighted to have been able to welcome our new Redline colleagues onboard at Air Partner.



In the period under review, we also continued our long-term growth initiatives, making further investments in people and new offices. We are pleased with the return we are generating on these initiatives and believe there is a lot of headroom for further organic development in all divisions. Moreover, I have been encouraged by the increased levels of cross-selling across the business, particularly between Group Charter, Private Jets and Freight.

### Board changes

In March 2020, we were greatly saddened to learn of the passing of Richard Jackson, Air Partner's Non-executive Director and Senior Independent Director, after a short illness. Richard joined Air Partner's Board on 8 September 2016 and was appointed as Senior Independent Director in June 2017. He also acted as the Company's Interim Chair for seven months from September 2018. Richard provided a significant contribution to the Company's strategy. He was a highly valued colleague and will be greatly missed.

On 26 June 2019, the date of our Annual General Meeting (AGM), Paul Dollman took up the role of Chair of the Audit and Risk Committee, replacing Shaun Smith, who announced in October 2018 his intention to step down from the Board.

In total, the Board now holds 1.9% of the ordinary shares in the Company, demonstrating a clear alignment with Air Partner's other shareholders. In the context of the ongoing COVID-19 crisis, the Board will not appoint a replacement Non-executive Director in the short term, and Amanda Wills will be appointed as Senior Independent Director with effect from 21 May 2020.

### Dividend

In response to the ongoing COVID-19 pandemic, like many companies, we are tightly managing costs across the Group to preserve cash, maintain

sufficient working capital to support increased customer demand and ensure that the business is well placed to emerge from the crisis with a strengthened competitive position. These measures include temporary salary reductions for all Board members and the UK workforce. In line with this, the Board has decided not to recommend a final dividend payment. However, the Board recognises the importance of regular dividend payments to investors in forming part of their total shareholder return and will re-evaluate the payment of dividends once the risks related to COVID-19 have subsided and there is greater certainty on the Group's cash flows. We trust shareholders will understand that this is the right and prudent approach at this time of unprecedented uncertainty in order to manage the business with confidence through the crisis.

### Prospects

Our current financial year started with a strong forward order book and good visibility, particularly in Group Charter and the enlarged Safety & Security division. However, it also coincided with the outbreak of COVID-19. Due to our strategy of diversification, some areas of our business are benefiting from increased activity at this time, while others are being negatively impacted. Nevertheless, the Group has had a strong start to the year overall and we expect Group Charter and Freight to continue to perform well during these challenging times. To put this into context, the unaudited management reports for the first three months of our new financial year indicate that the Group has generated an expected £6.0m of underlying profit before tax.

We are enjoying a strong and profitable May with the business trading considerably ahead of budget, and June is also looking encouraging, with demand for Freight and Group Charter services remaining high as we continue to carry out COVID-19

related work, such as the urgent transportation of medical supplies. While there are also some emerging green shoots of recovery in both Private Jets and Security, clear visibility beyond June is still very limited.

While this is a worrying time for the industry, the combination of a strong start to the financial year, our swift action on managing costs, agreeing bank waivers with our current lenders and our current cash position gives the Board confidence that Air Partner is effectively positioned to cope with the challenges and uncertainty posed by the ongoing COVID-19 pandemic. As I have stated above, the Group has a robust business model and a sound strategy, and our work during this COVID-19 crisis has demonstrated the value of our diversified aviation services, which operate across multiple markets, helping to offset volatility in any one market or product line. As well as recognising the work of all our exceptional people worldwide, I would like to thank you, our shareholders, for your continued support, especially at this challenging time.



**Ed Warner**  
Non-executive Chair

22 May 2020

# We deliver the extraordinary to fly our world

Our focus is to ensure that we generate long-term, sustainable value for our stakeholders through our diverse portfolio of services and solutions that we offer to our global customer base. We aim to be a world-class global aviation services group, working in partnership with our clients and suppliers globally to deliver the extraordinary to fly our world.

## Key strengths that drive our business

- ▶ Experienced aviation professionals
- ▶ Unrivalled aviation expertise
- ▶ Leading market reputation
- ▶ Cash generative
- ▶ Diverse customer profile
- ▶ Long-standing relationships
- ▶ Strong market fundamentals
- ▶ Strong brand repositioning
- ▶ Customer focus
- ▶ Long-term vision

## What we do

### Charter

Our market-leading Charter team offers a suite of bespoke services across every type of aircraft charter, delivering expert and reliable charter services to governments, royalty, multi-national organisations and individuals globally. Without owning aircraft ourselves, we leverage the relationships in place with aircraft operators to create tailored solutions to our customers' often complex requirements.

### Safety & Security

Through Redline, our mission is to enhance the delivery of assured security in regulated, high value and high threat environments to aviation, critical national infrastructure, event security and corporate organisations. Recognised by ICAO as one of 35 aviation security training centres and acknowledged as 'outstanding' by UK CAA for its consultancy services for clients audits, inspections and assessments as well as managed services for airports and regulatory challenges.

Our aviation safety experts, Baines Simmons, offer training and consulting, helping to advance best practice and shape safety thinking and driving continuous improvement throughout organisations globally. With a large pool of expertise, we offer solutions to complex projects requiring specialist regulatory knowledge.

### Managed Services

Our services include Wildlife Hazard Management and Aircraft Registry Services. Managing clients complex projects requires specialist regulatory knowledge and experience.

## What differentiates us

### Putting our clients at the heart of everything we do

Customer service is integral to our business and we encourage innovation and creativity to ensure that we always deliver the extraordinary for our global customer base. We consider our relationships with our clients as a partnership and our high levels of service have enabled us to achieve preferred supplier and trusted adviser status to some of the most prestigious organisations and discerning individuals in the world.

### Experience, plc status and unrivalled breadth of services

Our experience, scale and diverse range of services enable us to handle projects that set us apart from any of our competitors. 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 and customers with financial transparency and assurance.

<sup>i</sup> Case studies: p13, p25, p26, and p33, Governance: p50



## Where we add value

### For our customers

Our service offering has expanded further geographically and by product offering to meet our customers' needs. In Charter, we ensure that we source the right aircraft to match our clients' requirements. Through our Safety & Security division, we provide world-leading products and services to support our clients through an ever-changing regulatory environment with consulting, training, quality assurance and proprietary software solutions in security management systems (SeMS).

#### Net promoter score

**↑ 89%** (2019: 86%)

### For our suppliers

Airlines and operators we work with can rest assured that our experienced Charter business will professionally market their aircraft to our global and diverse customer base.

Our recently expanded business model, with the acquisition of Redline, has allowed us to grow our supplier base within the Safety & Security division, creating new commercial opportunities and expanding our available network. We believe in harnessing and building on long-standing relationships with all our suppliers across the Air Partner Group.

#### Number of aircraft operators we worked with over 2019

**>600**

(i) Strategy: p15–17

### For our people

We remain a business that is focused on developing, engaging and challenging our staff to ensure they reach their full potential and are empowered to consistently deliver a customer-focused service. We offer a diverse and inclusive working environment where every employee is treated fairly and respectfully. Our engagement survey is conducted every two years allowing time to fully address feedback on communication, engagement, reward and recognition from the prior year's survey.

#### Engagement score 2019

**69%**  
(note: survey not performed in 2020)

### For our shareholders

Our long-term strategic objective is to grow our aviation services business by diversifying our portfolio across geographies and complementary product lines both organically and through acquisition. One of our stated aims is to invest in our Safety & Security business to increase the forward visibility of earnings, thereby smoothing the volatility in our Charter business. 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 pre-COVID was 6.1% per annum (CAGR).

#### Total dividend per share

**1.8p** (2019: 5.60p)

# Navigating the market

The global aviation passenger market continued to see growth in 2019, at a slightly slower pace than 2018, with freight starting to see its first fall since 2012, due to international trade tensions.

Our balanced business model of Charter services and an expanded Safety & Security division, with the acquisition of Redline, enables us to be effective in offering solutions within a competitive and changing landscape.

On 31 December 2019, the Wuhan government in China announced dozens of cases of pneumonia with unknown causes. COVID-19, which it was later identified as, has affected the world. The repercussions of the virus will affect all of Air Partner's divisions differently but immediately present some opportunities for our vastly experienced Charter division globally. In addition, the specialist skills of our recent acquisition, Redline, could be harnessed during this time to add security services to our existing charter offering around the world. As a Group, we have the ability to react quickly and use our excellent relationships with customers, airlines and suppliers to provide solutions that our customers require.

<sup>(i)</sup> Business model: p8-9

## Trend

### The aviation market

The aviation market has shown steady growth

Global passenger numbers were forecasted to double to 8.2bn by 2037<sup>1</sup>. It was expected that passenger numbers would increase by 4.0% in 2020 pre-COVID-19 and reach 4.72bn (up 4.0% from 4.54bn in 2019).

The long-term forecasts are still referencing an annual 4.3% growth until 2038. In the short term, there is likely to be uncertainty as to how quickly the aviation market might recover to reach this growth potential post-COVID-19<sup>2</sup>.

### The wider environment

Natural disasters, geopolitical events and economic downturns

The global aviation market can be adversely affected by geopolitical events, natural disasters and downturns in the economy.

### The market for Charter

A competitive marketplace with low barriers to entry

The global air charter market continues to be highly fragmented with low barriers to entry.

### The market for Safety & Security

Increasing regulation and compliance

A number of factors are affecting the pace of growth within the aviation industry such as: busier skies, more competition, demands for higher fleet utilisation and greater operational capability. These factors are occurring against a backdrop of increasing regulation and compliance.

Source:

1. The International Air Transport Association (IATA).
2. Airbus – global market forecast.

Note: The footnotes in this section are relevant as at the end of January 2020 and any statistics are quoted pre-COVID-19. The comments cover the fundamental market parameters relevant to Air Partner.



## Impact

The market fundamentals for the aviation industry still remain strong and we have seen this through the demand for our aviation services in both Charter and Safety & Security, prior to COVID-19.

While these can cause a short-term decrease in normal demand for air travel, unforeseen world and local events can increase short-term demand for aircraft charter and security services.

The impact of COVID-19 is expected to continue for the foreseeable future.

Competitors are employing a number of tactics to increase their market share from new product development and introductory deals right through to expansion in technology, aggressive promotion and geographical expansion.

Many operators are choosing to outsource training and utilising consultancy services to keep abreast of the rapidly changing environment and regulatory pressures.

## How we are responding

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. This year, we built on our global footprint with the opening of offices in Singapore, Houston and Dubai.

Our Charter and Safety & Security businesses work closely with government and non-government organisations and freight forwarders to transport aid, equipment and personnel at short notice. As a 24-hour business, we have the resources in place to execute on our clients' time critical requests. The acquisition of Redline and our focus on diversifying our product offering to our global client base have allowed us to reduce the reliance on any one customer, sector or geography.

With nearly 60 years in operation, Air Partner is an established and reliable group. In a market where we have seen a lot of competitors come and go, we demonstrate stability, quality and financial performance and continue to expand our business model. Our purpose to deliver the extraordinary keeps us focused on providing a market-leading service and maintaining our excellent relationships with our diverse customer base.

A constant desire to improve standards and safety underpins our business model. 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. In December 2019, we acquired Redline, which provides government-standard security solutions and training for aviation-related companies, event security, corporate organisations and critical national infrastructure. It is a complementary business to Baines Simmons and works in partnership with our Charter division to provide solutions for our customers. There could be potential opportunity to offer new services aligned to new regulation from COVID-19. At this stage it is uncertain how this will develop.

# Delivering on our strategy



**Mark Briffa,**  
Chief Executive Officer

“Redline adds aviation security to our capabilities, which, combined with our existing aviation safety activities, enables us to deliver a compelling suite of extended aviation services.”

While there was good strategic progress made over the last 12 months, our financial performance was impacted by customers delaying spending as they waited for the uncertainty of, first, Brexit and then the UK's December election to clear. As a result, Air Partner's underlying profit before tax of £4.2m for the 12 months to 31 January 2020 was lower than previously expected, largely reflecting a key UK customer suspending a complex global flying programme from H1 to H2, and then further delaying in Q4. There was also an A330 remarketing mandate that was signed but subject to closing conditions, and therefore was not recognised in the year to 31 January 2020. Simultaneously, the already soft UK private jet market worsened in the last quarter.

## Strategy

In 2015, we embarked upon a strategy to extend and enhance the services we are able to offer our customers, while reducing the Group's exposure to the volatility of the charter market and improving the overall quality of our earnings. M&A is a key component of this and, since our first acquisition of Cabot Aviation (now referred to as Air Partner Remarketing) in May 2015, we have acquired a number of businesses that meet these criteria. This diversification strategy continues to progress, with our latest acquisition Redline, a leading aviation security and training solutions company that we acquired in December 2019, performing well since it became part of the Group. Redline adds aviation security to our capabilities, which, combined with our existing aviation safety activities, enables us to deliver a compelling suite of aviation safety and security products and services.

Notably, Redline has well-developed proprietary software solutions in security management systems (SeMS) and e-learning. We see significant growth opportunities in this area and it is our intention to offer these capabilities to our Baines Simmons customers over the coming year as part of our Safety & Security strategy.

The ability to cross-sell between different areas of our business is a key driver of our acquisition activity and in the year under review we won a number of new customers as a result of cross-selling, both between Charter and Safety & Security and within the Charter division. Post our year end, we carried out a project on behalf of the Foreign & Commonwealth Office (FCO), which was a fantastic example of the strategy coming to life, with Redline, Group Charter and Freight all working closely together to deliver a fully integrated solution for the evacuation of UK and Irish nationals aboard a cruise ship off the coast of Japan. We continue to see growing levels of cross-selling and joint business development opportunities across the Group and look forward to capitalising on these in this financial year.

While mindful of the current economic climate and the need to conserve cash, we will continue to assess targeted acquisition opportunities that meet our strict criteria and are in line with our Group M&A acquisition strategy on an ongoing basis.

In addition to our acquisition strategy, we have continued to grow organically, particularly within the Charter side of the business.



## Your reliable partner in times of crisis

Due to our proven track record in operating high profile crisis flights, our Group Charter team was called upon by the Foreign & Commonwealth Office (FCO) to arrange charter flights for the evacuation of British and EU nationals from Wuhan, China, following the COVID-19 (coronavirus) outbreak.

The two charter flights took place on 31 January and 8 February 2019, carrying over 125 and 200 passengers respectively from Wuhan to RAF Brize Norton. The flights took place on Boeing 747-400s. The aircraft was ideally configured, with the upper deck designed for crew rest only, so there was clear segregation between the evacuees and the flight crew. There was also a separate section reserved for isolation use if necessary.

Our Group Charter team was always on hand to manage all logistical operations, from working with stakeholders to put in place the necessary safeguards, to securing the required overflight and landing permissions. We also arranged the delivery of 407 boxes of medical supplies to Wuhan on the first positioning flight.

“The circumstances were challenging but we were able to execute the evacuation due to the dedication of our team, our relationship with the FCO, and the professionalism of our partner operator.”

*Mark Briffa, Chief Executive Officer, Air Partner*



“Our success in hiring good people continues to pay off. We hire the best people in the industry, who have proven track records and share our passion and drive to succeed.”

#### Strategy *continued*

In the last financial year, we opened three new offices in Singapore (February 2019), Houston (February 2019) and Dubai (November 2019). Importantly, these new offices now offer our full range of Charter services, so customers can fulfil all their charter requirements under one roof, whether this be Group Charter, Private Jets or Freight, which we believe is a true differentiator for us.

While these new offices initially increase our cost base, we typically see a return within a year to 18 months, as they extend our geographical footprint, increase our global market share and grow our customer base. We continue to consider other

potential new office locations in regions that align with the Group's growth strategy and provide attractive growth indicators.

Our success in hiring good people continues to pay off and we will keep monitoring opportunities in this area over the coming year. We will be running an extensive internal management training programme in addition to hiring the best people in the industry, who have proven track records and share our passion and drive to succeed.

#### People

As I write, post the year end, we are in the midst of the COVID-19 pandemic and I would like to thank

all my colleagues for their ongoing hard work, focus and commitment during these unprecedented times. Whilst COVID-19 has presented significant operational issues, the dedication of our people and suppliers has been nothing short of outstanding.



**Mark Briffa**  
Chief Executive Officer

22 May 2020

## Strategy in action

<p>Acquisition of Cabot (Air Partner Remarketing)</p> <p>Acquisition of Baines Simmons</p> <p>Customer First initiative launched</p> <p><b>2015</b></p>	<p>Acquisition of Clockwork</p> <p>Baines Simmons wins 10-year Isle of Man contract</p> <p><b>2016</b></p>	<p>New York office opened</p> <p>Acquisition of SafeSkys</p> <p><b>2017</b></p>	<p>Upskilling of key positions and Board capabilities</p> <p>Accounting review and subsequent process controls and improvements</p> <p>Los Angeles office opened</p> <p><b>2018</b></p>	<p>New offices opened in Houston, Singapore and Dubai</p> <p>Acquisition of Redline for £10m</p> <p>Strategic partnership with Northcott Global Solutions (NGS)</p> <p><b>2019</b></p>
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# Building a global aviation services group

## Maintaining our long-term strategy

At the core of our business strategy, we aim to continue to grow our world-class global aviation services group to meet our customers' ever-evolving needs.

Working in partnership with our clients, suppliers and employees, we are dedicated to delivering tailored solutions and the very best service. Our strategy is underpinned by our culture, to ensure that we put the customer at the heart of everything we do, to deliver the extraordinary. To achieve our objective, we have five strategic priorities:

## 1.

### Putting our customers first

The cornerstone of our culture is our Customer First principle. To harness this, we work in partnership with our clients, to provide consistently exceptional services across the Group. Our Peter Saunders Award for Extraordinary Customer Service, now in its second year, has helped to further cement our customer ethos across our organisation.


 Winner of the 2019 Peter Saunders Award for Extraordinary Customer Service

### Progress in the year

- ▶ The global roll-out of our customer relationship management (CRM) system is in the final stages of being deployed. It is operating effectively in the UK for Group Charter and Freight but required some specific customisation to enhance performance for Private Jets and, in particular, JetCard. This system will allow the business to target customers more effectively with more relevant communications, building on existing relationships as well as highlighting opportunities across the Group through cross-selling initiatives.
- ▶ We have harnessed our experience across the Group to deliver customised solutions to our global customer base, delivering the extraordinary. Our recent work helping customers navigate their way through COVID-19 challenges demonstrates this. Our Charter and Safety & Security divisions worked hand in hand to deliver solutions under exceptional circumstances. See our case study on page 13.
- ▶ Baines Simmons was awarded the newly introduced Platinum Trusted Service Award by Feefo for 2020, with five Gold Trusted Service Awards over the last five years; this is testament to us delivering excellent customer service for our clients year on year.

Net promoter score

**89%** (2019: 86%)

 [Link to KPIs: p18-19](#)  
[Link to risks: p32-42](#)


## 2.

### Growing organically: strengthening our core business

We continue to strengthen our core Charter business, positioning us well for future organic growth by investing in sales teams in new geographical locations, training, technology advancements, processes and controls.

#### Progress in the year


- ▶ This year we continued to grow our footprint globally with three new office openings in Singapore, Houston and Dubai.
- ▶ 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.
- ▶ Our diversification strategy is working; where Group Charter and Freight have experienced some challenges in the year, the growth in Private Jets, and in particular the US, has helped to mitigate some of the shortfall.

 Division review: p20–26

Private Jets' contribution to Group gross profit

**34.2%** (2019: 29.3%)

Delivering growth of 12.2% year on year

 Link to KPIs: p18–19  
Link to risks: p32–42

## 3.

### Broadening our offering


Our business provides a diverse 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

- ▶ The acquisition of Redline has further progressed our strategy of pursuing targeted acquisitions that enhance our customer offering by extending the suite of aviation services within our Safety & Security division (previously known as Consulting & Training).
- ▶ Redline has long-term contracted revenues with global blue-chip customers, which further expands our customer reach. The business has good forward visibility of its forecasted revenues, a high customer retention rate and a healthy pipeline of new business opportunities.
- ▶ We continue to review further acquisition opportunities of all sizes and remain selective in our approach, assessing each acquisition not only for its capabilities, but also its product reach, customer relationships, financial track record and, importantly, cultural fit and people.

Safety & Security's contribution to Group gross profit

**13.5%** (2019: 11.9%)

 Link to KPIs: p18–19  
Link to risks: p32–42



## 4.

## Developing and retaining our people

Air Partner is a people business. We remain committed to recruiting and developing 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

- ▶ The Group people strategy developed last year remains in place and is continually updated to reflect the needs of our customers, business and colleagues.
- ▶ The People team's focus remains to engage, enable and grow our leaders and managers to enable their teams to be extraordinary. As part of this strategy we continue to invest in the People team itself to fully support the business.
- ▶ We took the decision not to undertake a full engagement survey during the financial year 2020 in order to focus on two new people initiatives. During the year we continued to address the prior year's feedback on communication, engagement, reward and recognition. We will be conducting a targeted pulse engagement survey during the financial year 2021.
- ▶ The two key initiatives that the People team focused on were:
  - ▶ Organisational design and career development – starting with our largest and most complex market, the UK, and using a rigorous externally validated methodology, we developed a new organisational framework across all disciplines. This framework provided the basis of the Air Partner Career Development Framework, which has been launched in the UK.
  - ▶ Reward – we undertook a full review of the UK reward practice and policies, working with an external reward adviser, and from this we have implemented several changes, including better alignment of our commission plan to the Group values.
  - ▶ We plan to implement the organisational design and reward initiatives to all markets during 2020/21.

Engagement score 2019

# 69%

(note: survey not performed in 2020)

<sup>i</sup> KPIs: p18–19,  
Risks: p32–42

## 5.

## Embedding our brand across our business

As a Group we have grown and diversified but our strong brand and our Company values across Charter and Safety & Security continue to unite us. The strength of our brand shows we are a Group that is dedicated to delivering extraordinary customer service. The development of our brand has continued to evolve, and the use of the core brand proposition and the establishment of our single-brand approach have allowed us to onboard new acquisitions smoothly within an agreed framework.

### Progress in the year

- ▶ Embedded our new brand values into employee training programmes and onboarding of staff globally to build on our brand culture.
- ▶ Development of new technology to support our new brand and enhance our customer experience.
- ▶ Implementation of new feedback system, which recognises employees delivering against our brand values to customers and internally within the organisation:
  - ▶ 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.

# Measuring our performance

## Strategic KPIs

We are seeing wide-ranging benefits from implementing our key strategic objectives.

### 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).

**89%** (2019: 86%)

### Strengthening our core Charter business

#### Measuring growth in our Charter business

Organic growth is a top priority. We are committed to diversifying the Group across products and locations. This measure illustrates how we are performing in our core Charter division.

**£29.6m** (2019: £31.2m)

Refer to the Chief Executive's divisional review for a full breakdown on page 20.

### Broadening our offer

#### Acquisition contribution to underlying operating profit

This measure demonstrates the contribution to profits arising from our strategy of introducing new services and product lines to our customers via our newly acquired businesses. This is measured from our first acquisition in Safety & Security in 2015.

#### Contribution to Group gross profits

**13.2%** (2019: 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.

**20.8%** (2019: 28.4%)

#### Engagement

Measurement of employee positivity in response to a group of key questions on employee advocacy and overall satisfaction. Refer to page 17.

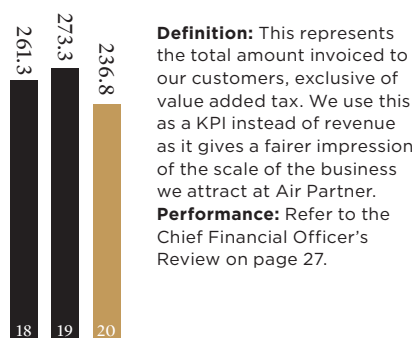
Engagement score 2019

**69%**  
(note: survey not performed in 2020)



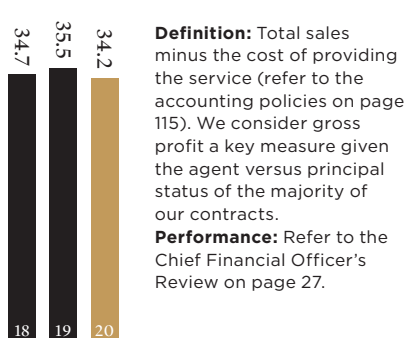
## Financial KPIs

We monitor a range of financial metrics that reflects the underlying strength of our business and helps to measure progress against our strategy.



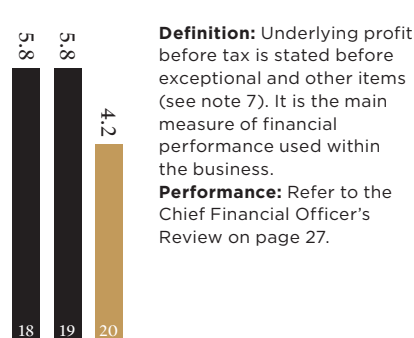
Gross transaction value (GTV)

£236.8m



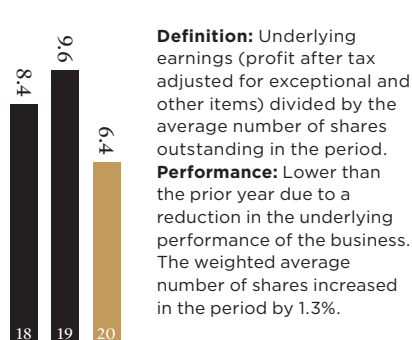
Gross profit

£34.2m



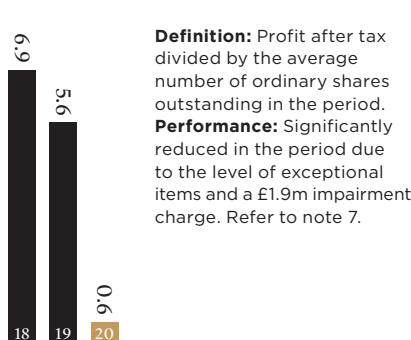
Underlying profit before tax

£4.2m



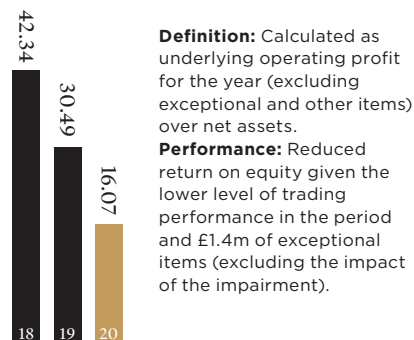
Underlying basic earnings per share

6.4p



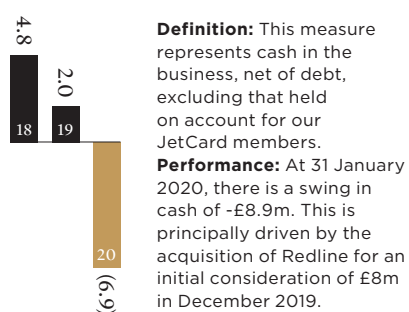
Basic earnings per share

0.6p



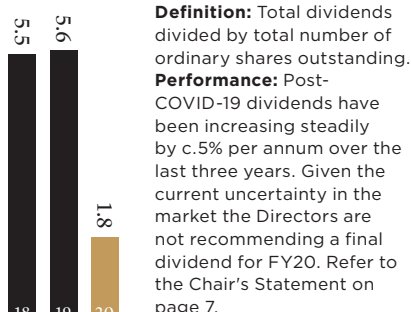
Return on equity

16.07%



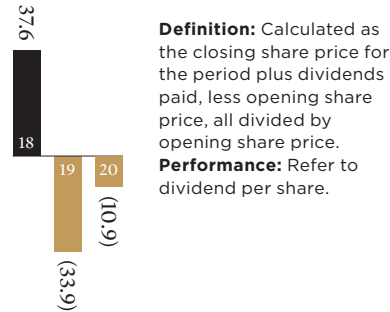
Net cash/(debt) (excluding JetCard)

£(6.9)m



Dividends per share

1.8p



Total shareholder return

(10.9)%

# Charter

“We continue to invest for further organic growth in our Charter division, notably in the US, where the market is strong and our business is performing well.”

## Charter

Overall, the Charter division delivered £29.6m of gross profit for the financial year ending 31 January 2020, down 5.1% on the prior year (FY19: £31.2m). The division contributes 86.5% to the overall gross profit of the Group and is comprised of Group Charter (including Remarketing) at 43.1%, Private Jets at 34.2% and Freight at 9.2%. Although Private Jets had a strong year with growth of 12.5%, this could not offset negative performances in Group Charter and Freight. The above results did translate to an underlying operating profit for the Charter division of £5.9m (FY19: £7.5m).

It was particularly pleasing to see a good level of cross-selling achieved across the Charter division during the financial year. This included Group Charter and Private Jets working together on the European tour of a high profile music artist, as well as a number of joint projects between Group Charter and Freight.

We continue to invest for further organic growth in our Charter division, notably in the US, where the market is strong and our business is performing well. We selectively increased broker headcount and the opening of the Houston office took our number of US offices to five, alongside New York, Los Angeles, Fort Lauderdale and Washington, D.C. In addition, we opened offices in Singapore and Dubai to offer our full suite of charter solutions, and continue to grow our share of the Asia-Pacific and Middle Eastern markets.

## Group Charter

Group Charter has had a mixed performance over the year, with gross profit for the year down 7.5% to £14.7m (FY19: £15.9m). The two main driving factors for this were a key UK customer repeatedly suspending activity and the lack of one-off major events in 2019 comparable to the likes of the FIFA World Cup in the prior financial year. However, it is important to note that Group Charter still carried out a significant amount of work in the sports sector, including the UEFA Champions League, the UEFA Europa League and the Spanish Super Cup, which took place in Saudi Arabia. Positively, we also saw further demand for our Managed Services offering, and in April 2019 we were appointed by Aurigny, the flag carrier airline of the Bailiwick of Guernsey, to manage its operations control centre in Alderney.

Elsewhere in Europe, Germany performed particularly well in the automotive and tour operations sectors, in addition to winning a new government contract from a competitor in the first quarter of the year. However, this regional growth was not enough to offset the weaker results from the UK and France, where the latter experienced a decrease in tour operations activity as a result of reduced operator supply in the market. We have taken a strategic decision to withdraw from the French tour operations market and subsequently have adjusted the size of the team to reflect this. The US was broadly flat year on year, although

“We have seen success through the cross-selling of our charter services to new and existing clients.”

Charter gross transaction value

£226.6m

Charter gross profit

£29.6m

Charter underlying operating profit

£5.9m

we are cautiously optimistic about a positive change over the course of this financial year, given the current performance in the first quarter.

Air Partner Remarketing completed several aircraft sales during the year for various airlines and financial institutions, including an ATR72-500 on behalf of Helitaviation 11 Europe Limited, although performance was affected by the aforementioned A330 sale delay (see the Chief Executive Officer's Review on page 12).

A number of new aircraft mandates were also signed, creating a strong pipeline of c.\$3m. However, the market has been impacted by COVID-19 in the short term with the volume of buyers expected to be limited until a market recovery.

Air Evacuation continues to perform well and has been extremely busy throughout the COVID-19 crisis, working closely with Group Charter to evacuate personnel and fly them back to their home countries. In October 2019, we entered into a strategic partnership with Northcott Global Solutions (NGS), an international emergency response company. Under the terms of the partnership, Air Partner is NGS's preferred emergency air charter supplier, while we are also able to leverage its capabilities in the provision of medical assistance, ground and maritime security, armed protection, and traveller tracking and intelligence, thereby offering our customers a broader set of emergency evacuation services. During COVID-19, the partnership has worked well, with customers on both sides benefiting from the services being collectively offered.

### Private Jets

Private Jets' gross profit increased by 12.5% to £11.7m (FY19: £10.4m), primarily driven by a strong performance in the US division where gross profit increased by 42.5% year on year. We were particularly delighted with our JetCard performance in the US, with membership up 32% year on year. This is largely attributable to the continued investment made in hiring the best sales and business development talent.

The UK, Germany and France saw a combined gross profit decline of c.3%, the decrease being in line with the wider market performance. Italy had a tough trading period in Private Jets with the loss of a key broker halfway through the year. The softness in the UK market was primarily driven by uncertainty around Brexit and the general election, and was further compounded by some key customers flying less when compared to previous years. JetCard customer numbers remained broadly flat in the UK and Europe as customers were unwilling to change provider due to the economic and political uncertainty.

### Freight

Prior to the outbreak of COVID-19, global trade tensions caused challenges for the freight sector in general and air cargo volumes were weak across the industry. Freight gross profit was down £1.7m to £3.2m. The year on year decrease is reflective of a strong comparator period, as last year we carried out significant volumes of work flying humanitarian aid to Guam and Saipan during their typhoon season.

The Freight division did have a strong year in the UK, where gross profit was up 27%, largely driven by the ongoing success of our aircraft on ground (AOG) product (where an aircraft is grounded because of a technical malfunction), with a number of large airlines added to our customer base. The UK team also carried out a number of projects on behalf of existing Group Charter customers as a result of successful cross-selling, particularly in the energy sector, which has been greatly encouraging.

In addition, our on-board courier (OBC) service, suitable for smaller shipments, continues to go from strength to strength and has grown year on year. OBC is looked after by a dedicated team of operations staff, who are located in the UK and Germany and work with a global network of around 200 couriers.

We continue to consider Freight a strategic and important part of our offering, enabling us to provide customers with a full range of charter services. Its value is never clearer than in times of crisis, when there is increased supply chain and aid work. We expect to see record profits from this division in the current financial year as a result of COVID-19 activity.

“Private Jets’ gross profit increased by 12.5%, primarily driven by a strong performance in the US.”



## Strengthening our world-leading aviation services

In 2019, we were delighted to announce the acquisition of the entire issued share capital of Redline Worldwide Limited, trading as Redline Assured Security, a leading global aviation security solutions and training company. The acquisition has enhanced our offering as a group by extending the suite of aviation services within our Safety & Security division. In its field, Redline is a global leader in the delivery of government-standard security training and solutions. With a strong track record of investing in its business, Redline has developed its own propriety software and e-Learning capabilities. The acquisition offers significant growth opportunities and furthers the Group's relationships with airports, airlines, governments and corporates around the world. This acquisition is a further progression of our long-term corporate strategy and the next step in the Air Partner transformational journey. As a group, our objective remains to improve both the quality and visibility of our earnings over time, by focusing on our customers and our people, while investing in products, services and office infrastructure as we manage the business for the long term.

“This acquisition further enables us to deliver a compelling suite of aviation safety and security products and services.”

*Mark Briffa, Chief Executive Officer*

# Safety & Security

“Safety & Security now contributes 13.5% to the Group’s gross profit”

## Safety & Security (formerly Consulting & Training)

The Safety & Security division includes the recent Redline acquisition, Baines Simmons and Managed Services. The division has performed well over the year with gross profit up 9.5% to £4.6m (FY19: £4.2m) supported by the contribution from Redline. Safety & Security now contributes 13.5% of the Group’s gross profit (FY19: 11.9%) and, pre-COVID-19, this figure was on track to increase with the full year impact of the Redline acquisition. Overall the division contributed £0.9m (FY19: £0.6m) of underlying operating profit to the Group, growth of 50%. On a like for like basis, adjusting for the Redline acquisition, underlying operating profit grew by 10.1%, mainly driven by a prior year provision release.

At Baines Simmons, training gross profit was up year on year and looking ahead we aim to grow the reach of this area further as we leverage Redline’s proprietary software solutions in e-Learning. We launched our first pop-up training academy in Europe in September 2019, and this is something we intend to revisit in other regions in the future. Furthermore, several large customers, across both the civil and military sectors, confirmed their intention to continue projects with our consultancy service into FY21, although unfortunately the outbreak of COVID-19 has meant that the future of some of these activities is currently uncertain.

Wildlife Hazard Management (WHM) performed well in the period, winning new contracts for fully managed

services at three airfields in addition to retaining all its existing contracts, albeit there is increasing margin pressure in this area from the competition. Following a strategic review of our air traffic control (ATC) operations, we have decided not to renew our two remaining ATC service contracts, thereby exiting our ATC operations presence in the UK. This will allow us to concentrate solely on WHM and accelerate our plans in this area.

Under the leadership of founder Paul Mason, the integration of Redline is progressing smoothly and, as mentioned previously, this financial year the team has already worked alongside Group Charter and Freight to deliver a holistic evacuation service for the FCO. Redline has long-term contracted revenues with global blue-chip customers, that will materially increase visible, long-term, recurring revenues for Air Partner for FY21 onwards. Redline also has good forward visibility of its forecasted revenues, a high customer retention rate and a healthy pipeline of new business opportunities.

The management of Air Partner and Redline have together identified attractive global opportunities as a consequence of the combination with Air Partner’s existing brands in aviation safety. We see particularly compelling global growth opportunities for Redline’s proprietary SeMS and e-Learning capabilities, which will further the Group’s relationships with airports, airlines, governments and corporates around the world, in addition to providing another stable and recurring revenue stream.

We see strong potential in adding safety training to Redline’s existing e-Learning platform, which appears a realistic and readily available value driver. The planned launch of WHM software has been delayed to align development of these apps. As a result of this delay and the decision to exit our ATC operations, the Group has recognised an impairment of £1.9m against the goodwill of SafeSkys.

However, while our long-term contracts in the Safety & Security division remain largely unaffected by COVID-19, as previously reported, training, consulting and testing activities have been significantly impacted by government restrictions, resulting in associated revenues being delayed. Management has taken the decisive action to manage costs by reducing discretionary spend in this division in the current financial year.

Safety & Security gross transaction value

£10.2m

Safety & Security gross profit

£4.6m

Safety & Security underlying operating profit

£0.9m

#### **Post-year end events**

In January and February 2020, we carried out significant evacuation work for the UK government, including the repatriation of over 300 British and EU nationals from Wuhan. Projects of this type continued into March and April, when we supported a number of new customers, including major cruise and oil companies, in addition to continuing our work with the UK government to assist British citizens overseas.

In March and April, our Freight division also experienced a pick-up in demand for the movement of goods to keep global supply chains operating during the pandemic, such as the transportation of vital medical supplies into the United States. We continue to receive enquires for logistical support at this critical time and are well placed to mobilise on this activity at short notice.

#### **Current trading and outlook**

The Group has had a very encouraging start to the financial year, with the unaudited management accounts for the first quarter of the year showing expected underlying profit before tax of £6.0m. April was a record month, predominantly driven by unusually high levels of activity in Freight and Group Charter. The success of the Group in the year to date has been driven by new business wins as a result of the pandemic, such as repatriation contracts and corporate shuttles, which have outweighed a decline in Safety & Security and Private Jets (including JetCard). We have seen high levels of activity in May to date and are strongly ahead of budget for the month. The forward order book for June is also encouraging, with continued high demand for our Freight and Group Charter services as part of the ongoing COVID-19 response. Visibility beyond this point is very limited.

Looking ahead into the second half of the year, the Directors expect to see a slowdown in repatriation work and freight charter activity as global supply chains recover. Conversely, Private Jets bookings are expected

to increase, as international airways start to re-open, with executives and high net worth individuals wanting to travel in more controlled environments and via less busy airports. We have seen some early signs of recovery within Private Jets (as well as Security), but they remain nascent at this stage.

The COVID-19 crisis, which began at the start of our financial year, has made it very hard to judge the full year impact with any degree of certainty at this point. As a result, we have managed costs to preserve cash and maintain our working capital. Accordingly, we have implemented a series of temporary cost management initiatives, minimising all discretionary spend and, where necessary, reducing salary costs, subject to local legal requirements. In addition, all Board Directors are currently taking a voluntary 20% pay reduction for April, May and June as a minimum. We have also made use of available government grants and benefits to further reduce our cost base in the near term.

I am confident that we have taken the right actions at this time and we will continue to monitor the situation extremely closely. While there are undoubtedly challenging times still to come, we have enjoyed a good start to the current year and have the benefit of a well-diversified business, anchored by great teams of people. The Board will issue regular shareholder updates approximately every four to six weeks during the height of the crisis to ensure investors are kept abreast of how we are addressing the evolving situation.

I would like to take this opportunity to once again thank the entire Air Partner team for its hard work during these unprecedented and difficult times. Their efforts have been – and continue to be – extraordinary.



**Mark Briffa**  
Chief Executive Officer

22 May 2020

*“We have enjoyed a good start to the current year and have the benefit of a well-diversified business.”*



## Hitting the right note

Our Group Charter and Private Jets teams are specialists in complex multi-leg flights, making us a reliable partner for high profile music artists undertaking both national and international tours. Our teams have a unique understanding of and experience in meeting the demanding requirements of tour schedules.

In 2019 we were approached by a promotion agency organising an international music tour for a multi-award-winning artist. The tour took place across six different locations throughout Europe. Our Group Charter team organised two commercial aircraft to operate the route, managing all logistical operations and planning the flight times to coincide conveniently with the rehearsals and performance for each leg.

Discretion was, of course, paramount for the artist; therefore, our team strategically planned the airports to be used based on the strict criteria of having a private terminal for the artist and entourage to use. At the end of the tour, the artist had a last-minute request for a private jet to fly back to the US, our team quickly delivered, and the artist was able to fly back immediately after their tour.

“We are trusted by many big names in music as their preferred partner. Our complete suite of charter services makes us the ideal partner for the industry.”

*Kevin Macnaughton, Managing Director, Charter*



## Your winning partner

Our Group Charter team has had a busy few years with sports flights, transporting teams, fans, management and corporates to pre-season tours, friendlies and tournaments all over the world.

Due to its expertise and reputation within the industry, the team was called upon to organise a series of flights for a major sporting event throughout the Caribbean region. For the flights, our expert team sourced a regional jet aircraft, which was chosen as the best suitable aircraft for the number of passengers and routes. The Air Partner team was on hand to manage all logistical requirements, with our 24/7 operations team monitoring all flights.

To maximise cost efficiencies, our Freight team supplied three aircraft to transport the broadcasting equipment and additional baggage, which travelled alongside the passenger aircraft. Our teams were pleased to collaborate on this project and worked closely together to ensure all flights operated smoothly for our valued client.

“We value our relationships in the sport industry extremely highly and pride ourselves on always delivering the extraordinary.”

*Kevin Macnaughton, Managing Director, Charter*



## Chief Financial Officer's review



**Joanne Estell,**

Chief Financial Officer

**“We have ambitious growth targets for Safety & Security and I believe Redline will catalyse this growth.”**

Undoubtedly, it was a tough trading period for Air Partner. Typically, we have at least one significant one-off event occur every year such as a major sporting tournament or a large customer flight programme or a crisis event requiring aid relief charters; however, there were none in the period under review. As I start my second year as Air Partner's Chief Financial Officer, the importance of our diversification strategy to smooth the volatility in the Charter division has never been clearer, especially in light of last year's performance and the current market conditions. We continue to progress this by expanding our offering through targeted acquisitions and driving organic growth by investing in our products, people and new locations.

With this in mind, one of the year's highlights was the acquisition of Redline. We could clearly see the benefits of the acquisition to Air Partner and we worked around the clock to secure the company in a tight timeframe. It is early days; however, I am encouraged by its recent performance and contribution to the Group. We have ambitious growth targets for the Safety & Security division (post COVID-19) and I believe Redline will catalyse this growth.

On more operational and financial matters, we continue to build on the good work we started last year in terms of strengthening the overall control environment and have invested further in new systems and processes. Looking forward, a key initiative for the Finance department this year will be to drive operational efficiencies across the Group with the integration of Redline and the roll-out of our new integrated booking tool and customer relationship management system.

### Gross transaction value and revenue

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.

GTV of £236.8m (FY19: £273.3m) was down by 13.4%, which is principally due to the decrease in Group Charter activity, as described in more detail in the gross profit section below. GTV represents the total value invoiced to customers and is stated exclusive of value added tax. Congruently, revenue of £66.7m (FY19: £77.5m) decreased by 13.9% year on year.

### Gross profit

Gross profit of £34.2m was down 3.7% against the prior period (FY19: £35.5m). This includes gross profit for the acquisition of Redline, which was acquired on 12 December 2019. On a comparative basis, adjusting for constant exchange rates (+£0.2m) and the acquisition of Redline (£0.4m), gross profit decreased by 5.3%.

At a divisional level, the gross profit of the Charter division was down 5.1% year on year at £29.6m (FY19: £31.2m) due to a drop in tour operations, a reduction in flying by a key UK customer and no one-off major events comparable to the 2018 FIFA World Cup or 'urgent action' incidents, such as flying humanitarian aid to Guam and Saipan in 2018.



### Gross profit *continued*

Breaking the Charter division down into its constituent parts, the gross profit in Group Charter was down £1.2m to £14.7m (FY19: £15.9m). In Europe, France was down, on account of a significant reduction in tour operations activity, although this was partially offset by a strong performance in Germany after a large customer win in the early part of the year. As previously mentioned, the UK was adversely affected by a key customer delaying a complex global flying programme.

Private Jets experienced an increase in gross profit of 12.5 % as a result of our performance in the US. Encouragingly, the growth in the US Private Jets business is a result of investments we have made over the last two years in new offices and hiring key talent. In the UK and Europe (excluding Italy, which had a tough second half of the year with the loss of a key broker), performance was down year on year by c.3%, broadly in line with the wider market.

Freight was down by £1.7m from £4.9m in FY19 to £3.2m in FY20. This was due to a high volume of aid-related activities in the previous year, which did not repeat this year, and a widely reported softening in the global freight markets due to trade tensions. However, the UK Freight business did buck this trend and saw year on year growth of c.27%, albeit from a low base.

The above Charter product mix translated to the following regional performance: the UK, US and Rest of World was broadly flat year on year while Europe declined by 11.9%, driven by the aforementioned performance in Group Charter. Overall, US Charter profit remained static year on year due to the aid flights in the prior year resulting in an exceptionally high Freight gross profit for FY19.

Safety & Security delivered gross profit of £4.6m (FY19: £4.2m), an increase of 9.5%, which was supported by the acquisition of Redline (£0.4m).

### 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, including net impairment losses on financial assets, were broadly flat year on year at £29.4m (FY19: £29.5m), despite investment in new office openings. In order to progress our strategy, while remaining mindful of the risks and effects of COVID-19, the Group expects to make further investments in administrative expenses as we grow organically across new geographical locations. The cost-benefit analysis of any initiative will be assessed at the appropriate time against the Group's investment criteria.

### Finance costs

The net interest charge for the period was £0.5m (FY19: £0.2m). This increase was driven by the adoption of IFRS 16 concerning leasing, which added a charge of £0.3m. Excluding the impact of IFRS 16, there was a small increase in interest costs in the period of £16k due to the additional £6.0m of debt that was called down from the revolving credit facility (RCF) in December 2019 to fund the acquisition of Redline. This was fully offset by an increase in interest received of £71k (FY19: £32k).

### Underlying profit before tax

The above results translated to an underlying\* profit before tax of £4.2m, a decrease of £1.6m (27.6%) from the prior year (FY19: £5.8m). Adjusting for the acquisition of Redline (£0.2m) and for constant exchange rates (£0.1m), underlying profit before tax declined by 32.2%.

\* Underlying earnings are stated before exceptional and other items; see note 7.

### Exceptional and other 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 £3.3m (FY19: £2.4m).

Exceptional and other items excluded from underlying profits in the period are broken down as follows:

	2020 £m	2019 £m
<b>Underlying profit before tax</b>	<b>4.2</b>	5.8
Change in Board and operating board composition	(0.2)	(0.4)
Costs relating to the accounting review and associated items	—	(1.3)
Amortisation of purchased intangibles	(0.6)	(0.4)
Acquisition costs	(0.6)	—
Abortive acquisition costs	—	(0.5)
Cost incurred and provision for outflows resulting from French tax investigation	(0.7)	—
Impairment of goodwill	(1.9)	—
Settlement of historical legal disputes	0.4	—
Release of deferred consideration	0.3	0.2
<b>Statutory reported profit before tax</b>	<b>0.9</b>	3.4

In total, there is a £4.0m exceptional charge on the consolidated income statement for the year, comprising a £1.9m impairment charge relating to SafeSkys Limited (SafeSkys) (refer to note 13), £0.6m of amortisation of acquired intangibles, £0.6m of acquisition costs relating to Redline, £0.2m for changes made to the Group Operating Board, and a £0.7m charge in respect of a prior year tax reassessment in France. The latter is made up of a provision of £0.3m for expected indirect tax charges and associated advisers' expenses of £0.4m in defending this matter. The provision is based on management's best estimate of the reassessment liability after taking expert legal advice. Final resolution of this matter remains uncertain; however, in April 2020, encouragingly we received £0.8m to reimburse us for a historical VAT claim from the French tax authorities, relating to the period 1 February 2015 to 31 January 2020. As at 31 January 2020, this liability is included within the £1.2m of social security and other taxes within trade and other receivables within the consolidated statement of financial position.

The above exceptional charges have been partially offset by £0.7m of exceptional gains, including £0.4m of cash settlement net of legal costs for two historical legal disputes and £0.3m relating to the release of the deferred consideration for the SafeSkys acquisition. The latter is due to warranty claims settled with the previous owners in respect of the onerous contracts identified post acquisition.

#### Statutory reported profit before tax

After the above exceptional and other items, statutory reported profit before tax was £0.9m, down 73.5% on the prior year (FY19: £3.4m).

#### 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.

On a statutory reported profit basis, the effective rate of taxation was 67.6% (FY19: 14.4%). This rate is

abnormally high in the current year due to the level of exceptional costs, which do not attract tax relief and unrecognised tax losses in some tax jurisdictions. In respect to the latter point, we have adopted a prudent approach and have not recognised deferred tax assets relating to the net losses in these jurisdictions until we have greater certainty on how these losses can be utilised. In 2019, the low tax rate of 14.4% was due to HMRC confirming that an overpayment of tax relief claim of £0.4m, relating to the accounting review, was allowable.

The underlying tax charge\* of £0.9m (FY19: £0.8m) represents an effective rate of 20.5% (FY19: 13.9%) on the underlying profits before tax.

\* Adjusting for exceptional and other items.

#### Earnings per share

Basic underlying\* earnings per share from continuing operations were 6.4p (FY19: 9.6p), down 33.3% on the prior year. On a statutory basis, earnings per share from continuing operations were 0.6p (FY19: 5.6p), a decrease of 89.3%. The sharp drop was driven by the level of exceptional items in the year.

\* Underlying earnings are stated before exceptional and other items; see note 7.

#### Dividends

Pre-COVID-19, Air Partner's stated dividend policy targeted cover of between 1.5 and 2.0 times underlying earnings per share. On 18 March 2020, the Company announced that it was seeking to preserve cash and to maintain sufficient working capital in the business to support customer demand through the COVID-19 crisis. Accordingly, the Board has chosen not to pay a final dividend for the financial year ending 31 January 2020. The Board is committed to paying dividends and intends, as soon as practicably possible, to resume payments once it has more clarity on future financial performance.

#### Statement of financial position Shareholders' funds

After considering the profit for the period, dividend payments, exchange rate differences, the acquisition of Redline funded by bank debt and the introduction of IFRS 16 Leases (the impact of which is described further on), overall shareholders' funds at

31 January 2020 were £9.2m, representing a decrease of £2.5m on the position at 31 January 2019 (£11.7m). In summary, the decrease has been driven by the level of non-cash exceptional items resulting in a profit lower than the dividend payments to shareholders.

#### Acquisition of Redline

Redline was acquired in December 2019 for a total headline consideration of up to £10.0m on a debt free, cash free basis, with an initial outlay of £8.0m on completion. An additional consideration of up to £2.0m is payable over two years post completion. The acquisition was funded from the Company's existing cash and debt facilities and the issue of new ordinary shares to the operational management shareholders of Redline. The effect of the acquisition on the statement of financial position is reflected in the below review. For further details, refer to note 32.

#### Goodwill and intangibles

During the year goodwill increased by £1.9m. This was driven by the recognition of £3.8m of goodwill relating to the Redline acquisition, although this was partially offset by the £1.9m impairment charge relating to SafeSkys. The impairment of SafeSkys is due to the decision following the acquisition of Redline to delay the launch of the wildlife hazard management app and the decision to not further expand into the air traffic control market (refer to note 13). The carrying value of goodwill is now £8.6m (FY19: £6.7m).

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. £7.5m of intangible assets were recognised on acquisition of Redline, relating to customer relationships and customer contracts (£6.1m) and software development (£1.4m).

Other intangible assets comprise software development costs. In the period, we spent £0.4m on rolling out the customer relationship management system and a new booking tool for the Charter division. Both these projects are expected to go live in FY21.

### Other balances

Movements in other balances within the statement of financial position reflect the trading results of the period.

Excluding the right of use assets as described in the IFRS 16 Leases section below, the Group has property, plant and equipment totalling £1.0m (FY19: £0.9m). Capital expenditure in the period was £0.5m (FY19: £0.1m) on property, plant and motor vehicles for delivering the wildlife hazard management contracts and £0.4m (FY19: £0.4m) on software.

Working capital saw an unfavourable movement of £0.7m in the period due to reductions in receivables and payables of £1.6m and £2.3m respectively. This was driven by the cash payment to the operator for the Wuhan repatriation flight, which happened close to year end.

Deferred consideration has been recognised as a current and non-current liability of £2.3m, including an implied interest charge in relation to the Redline acquisition.

### Cash generation and net debt

Operating cash from trading activities after investment in capital expenditure and software was £8.2m. However, the adoption of IFRS 16 accounts for £5.4m of this amount, with lease payments that were previously reported within operating cash flows now reported within cash flows from financing activities. Excluding the presentational change as a result of IFRS 16, cash flows from trading activities after investment and software was £2.8m (FY19: £2.7m).

Net debt (cash offset by bank debt) was £6.9m versus net cash on the same basis of £2.0m. The level of debt has increased to fund the acquisition of Redline in December 2019 for an initial headline price of £8.0m.

JetCard cash deposits decreased by £1.0m, offset by a reduction in liabilities in deferred revenue.

### 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 principal exchange rates, expressed in terms of the value of Sterling, are shown in the following table.

	Average rates	
	31 January 2020	31 January 2019
USD	1.28	1.32 USD strengthened by 3.0%
EUR	1.14	1.13 EUR weakened by 0.9%
	Period end rates	
	31 January 2020	31 January 2019
USD	1.32	1.31 USD weakened by 0.8%
EUR	1.19	1.14 EUR weakened by 4.4%

### Bank facilities

During the year, the Group renegotiated its debt facility with NatWest to support the acquisition of Redline. The Group now has total debt facilities of £14.5m (FY19: £9.0m) comprising a RCF of £13.0m (FY19: £7.5m) and a £1.5m overdraft.

As at 31 January 2020, £11.5m of the RCF was drawn down (FY19: £5.5m) and the overdraft was not utilised. The facility attracts an interest rate of 2.6% plus LIBOR and is repayable in February 2023.

### Accounting policies and recent accounting developments

The accounts in this report are prepared under International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU). The accounting policies used in preparing these accounts are set out in note 1 on page 107.

### IFRS 16 Leases

The Group has adopted IFRS 16 retrospectively from 1 February 2019 but has not restated comparatives for the prior period as permitted under the specific transitional provisions in the standard.

The impact on the statement of financial position at 1 February 2019 was to add right of use assets of £11.5m, lease liabilities of £11.8m and a reduction in other liabilities

of £0.1m, resulting in a reduction in reserves of £0.2m. The right of use assets included an aeroplane used in our Italian business at £8.8m, fixtures, fittings and equipment at £1.4m, short leasehold property and leasehold improvements at £1.2m and intangible assets of £0.1m.

The impact on the income statement as at 31 January 2020 has been to decrease cost of sales and overheads by a combined £0.3m but increase the interest charge by £0.3m, therefore having a negligible impact on profit.

The reclassification of lease payments from operating expenses to depreciation, interest and repayments of finance lease liabilities has resulted in a £5.4m increase in cash generated from operating activities. The increase is offset by a matching increase in net cash used in financing activities.

The impact on the statement of financial position has been to add right of use assets of £6.8m and lease liabilities of £7.3m with a reduction in reserves of £0.2m. The residual balance of £0.3m is due to the right of use assets acquired as part of the acquisition of Redline and is recognised in the acquisition accounting. This adverse effect on reserves will reverse out over the remaining period of the leases.



Within current lease liabilities in the statement of financial position is a £4.2m charge relating to the right of use of an aircraft based in Italy. At the time of signing the accounts, given the impact of COVID-19, the Directors have negotiated a payment holiday relating to the Italian contract, effectively moving the £4.2m of payments due into the next financial year. This aircraft is used in Air Partner's tour operations business.

Please refer to note 38, Changes in accounting policy, for further detail.

### **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.

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 a 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 in the Strategic Report and in the Principal Risks and Uncertainties section.

COVID-19 has increased the level of uncertainty surrounding the future trading environment for the Group. Whilst performance in the first quarter of FY21 has been very strong and in turn the Group's normalised net cash position\* was positive at £1.7m, with available headroom of £16.2m, there remains uncertainty over the trading performance for the rest of the year.

Accordingly, the Directors have undertaken a thorough assessment in evaluating going concern considering a number of scenarios and sensitivities. A summary of the going concern assessment is provided in the Going Concern and Viability Statement on page 43.

\* Normalised cash, is cash excluding JetCard cash, customer deposits and significant payments.

From the results of this activity the Directors believe that the Group is well placed to manage its business risks and, after reviewing in detail the current financial position, including factors affecting its cost base, and 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, are satisfied that the Group has adequate resources to continue in business for the foreseeable future and that the Company is a going concern.



**Joanne Estell**  
Chief Financial Officer

22 May 2020

# Risk management: the key to business growth

## Risk management process

Like many organisations, our business involves constant risk management – it is an integral part of day-to-day operations. The importance of risk management becomes increasingly critical during a period of growth and evolution: ‘with growth comes predictable risks, but success depends on identifying and managing them’.<sup>1</sup>

To complement the ongoing management of inherent business 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 support delivery of 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. It also facilitates open communication on risk between the Audit and Risk Committee and the Group Executive Team.

This approach enables us to manage and monitor the risks which threaten the 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 Group Executive Team.

<sup>1</sup> Inc.com, author: Lee Colan The L Group

“Business growth requires a solid foundation and a solid foundation is built on powerful risk management. The message is simple. As a rule of thumb, when you cut your risk, you cut your losses and maximise profits.”

*The Sydney Morning Herald, 2015*

## Working as one

At Air Partner, we pride ourselves on working as one close team across our multiple different services and global offices. Earlier in the year, our Freight and Baines Simmons teams were delighted to collaborate to offer their services to a new corporate client. Our teams joined together to present the suite of Air Partner services to the client and discuss their specific aviation requirements.

Our teams were able to provide assistance to the client, for both their aircraft procurement and aviation safety requirements. The client was pleased to be able to benefit from the provision of two very different aviation services, provided by one group, working closely together to deliver service excellence.

As a leading aviation services group, our broad suite of services and expertise allows us to collaborate, share knowledge and provide multiple services from security and safety to private charter, which a client would otherwise have to obtain from various providers. With a strong geographic presence and years of aviation expertise, our team of aviation professionals consistently put our customers first to deliver the extraordinary.

“This is a great example of how our teams work closely together to provide a complete suite of aviation solutions for our clients.”

*Ian Holder, Managing Director, Baines Simmons*





**Enterprise risk management (ERM) framework**

The Audit and Risk Committee has oversight of the enterprise risk management (ERM) 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.

The Chief Executive Officer (CEO) has overall accountability for the control and management of risk. The individual members of the Group Executive Team, reporting to the CEO, are accountable for specific risks.

“The Committee is satisfied that management has put in place a proportionate and effective risk management framework.”



## Risk categorisation

We have identified six risk categories 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 Group Executive Team is allocated as the risk owner for each of the risks identified, as appropriate.

The risk owners conduct an analysis of each risk, according to a defined set of assessment criteria, including:

- ▶ 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 should the risk occur?
- ▶ What 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?

“Risk management is important in an organisation because, without it, a firm cannot possibly define its objectives for the future. The whole goal of risk management is to make sure that the company only takes the risks that will help it achieve its primary objectives while keeping all other risks under control.”

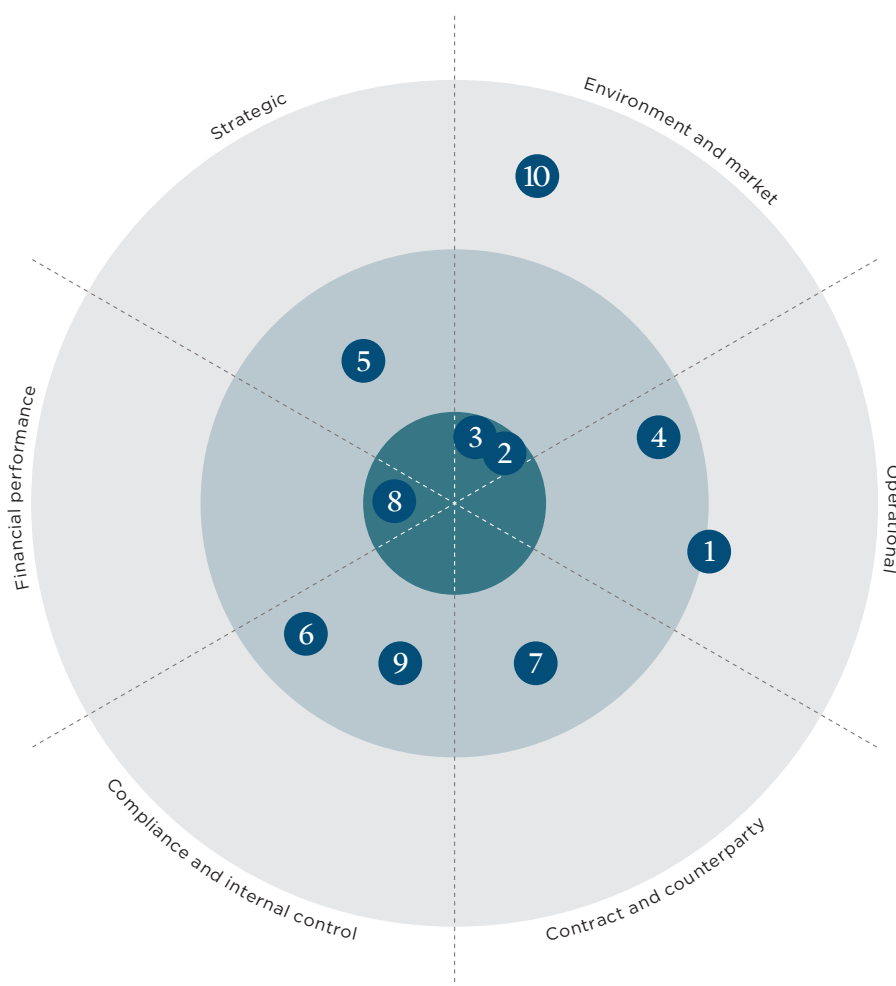
*The Institute of Risk Management*

## Risk heatmap

The principal risks facing the organisation, at the signing of the accounts, are summarised in a heatmap opposite and provided in more detail on pages 37 to 41.

### Key

- High
- Medium
- Low



Risk	Category	Movement	Risk owner
1 People	Operational	➔	Craig Pattison, Chief People and Technology Officer
2 Changing market environment (including COVID-19 impact)	Environment and market	▲	Kevin Macnaughton, Managing Director, Charter David McCown, President, Americas Paul Mason, Managing Director, Safety & Security
3 Market disruption, including climate change concerns and the COVID-19 pandemic	Environment and market	▲	Kevin Macnaughton, Managing Director, Charter David McCown, President, Americas Paul Mason, Managing Director, Safety & Security
4 IT systems and cybersecurity	Operational	▲	Craig Pattison, Chief People and Technology Officer
5 Growth – geographical expansion, acquisition and integration risk	Strategic	▲	Mark Briffa, CEO
6 Regulatory environment and compliance	Compliance and internal control	➔	Judith Banks, General Counsel and Company Secretary
7 Suppliers and operators	Contract and counterparty	➔	Kevin Macnaughton, Managing Director, Charter David McCown, President, Americas
8 Financial management and performance, including COVID-19	Financial performance	▲	Joanne Estell, CFO
9 Effective control environment	Compliance and internal control	➔	Mark Briffa, CEO Joanne Estell, CFO
10 Concerns over Brexit and levels of uncertainty	Environment and market	▼	Kevin Macnaughton, Managing Director, Charter Paul Mason, Managing Director, Safety & Security

Change in risk assessment: ➔ No change ▲ Increased ▼ Decreased





Category	Risk description	Potential impact	Controls/processes to mitigate	Areas of strategy impacted
<b>Operational</b> 	<b>People</b> <ul style="list-style-type: none"> <li>▶ The challenge of creating an effective workforce through quality business leaders who engender a results-orientated culture and foster creativity. See page 2 for Company values.</li> <li>▶ Attracting new talent and retaining existing key staff who have in-depth knowledge of the business and industry.</li> <li>▶ Our people are our competitive advantage especially around sector knowledge, key customer relationships and technical expertise in the aviation industry.</li> <li>▶ A more recent challenge has been keeping the workforce effective whilst ensuring their safety during the COVID-19 pandemic. It is expected that there will also be challenges in remobilising the workforce once normal working practices resume. This applies to both staff who have been furloughed and staff who remained.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Inability to attract and retain key individuals leading to a loss of earnings and key customer/supplier contacts.</li> <li>▶ The loss of key personnel following acquisitions may impact performance and value.</li> <li>▶ Risk impact concerning COVID-19 relates to a loss of productivity, high sickness rates and employee fatigue.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Leadership development programme launched.</li> <li>▶ New vision and values defined for the organisation.</li> <li>▶ Annual performance management reviews using best practice processes.</li> <li>▶ Remuneration packages evaluated regularly against market trends.</li> <li>▶ Diversity and inclusion initiatives are in place and delivering results.</li> <li>▶ Investment to build a learning organisation with a focus on culture, reward and recognition.</li> <li>▶ Regular town hall forums to communicate the business strategy and performance.</li> <li>▶ Emergency response plan to restrict the effect of COVID-19 on the workforce, including furloughing and the implementation of safety measures.</li> <li>▶ Design of plan to reintroduce staff to the working environment post COVID-19.</li> <li>▶ <b>Owner: Craig Pattison, Chief People and Technology Officer</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Customers.</li> <li>▶ Developing and retaining our people.</li> <li>▶ Growing organically.</li> <li>▶ Broadening our offer.</li> </ul>
<b>Environment and market</b> 	<b>Changing market environment</b> <ul style="list-style-type: none"> <li>▶ Air charter bookings can be materially impacted by changes in financial markets, political instability and natural events affecting the movement of people or cargo.</li> <li>▶ The financial challenges to operators and the consequent availability of capacity continues to be a factor in the market.</li> <li>▶ Safety &amp; Security are largely stable trading environments with predictable industry needs resulting from mandated regulatory requirements. Fluctuations occur from major security incidents from acts of unlawful interference and acts of terrorism resulting in greater demand for new equipment, training and quality assurance.</li> <li>▶ COVID-19 has created additional uncertainty around the future of the market. Whilst there has been some increase in demand for certain products and services in the short term, future demand and the availability of operators cannot be predicted.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The inherent risk of the limited visibility of future bookings and contraction of charter availability may result in reduced gross profit and a cost structure that does not align with market conditions.</li> <li>▶ The risk of long-term social distancing and the sporadic peaks around the global pandemic of COVID-19 could result in a laboured return to normal air travel and reduced levels of trading into 2021. Safety &amp; Security is well placed to adopt and grow in a new aviation environment, largely down to its ability to deliver many of its services through its technology investments using e-learning, virtual classrooms and digital security and safety platforms, amongst others.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We have a large customer base that is diversified across business sectors. We also have a strong network of suppliers across geographic regions. This allows for some 'smoothing' when there are seasonal or sectorial changes in demand.</li> <li>▶ Air Partner actively seeks to improve the forward visibility of its earnings by investing in the growth of its Safety &amp; Security division. To this end, Redline Worldwide Limited was acquired in December 2019, which has strong order book coverage through long-term contracts and strong customer relationships (see acquisition note 2). This will help smooth the inevitable peaks and troughs in the Charter division.</li> <li>▶ We continue to focus on overheads relative to our revenues and take corrective action where necessary.</li> <li>▶ We are monitoring the marketplace and assessing indications of changes due to COVID-19.</li> <li>▶ <b>Owners: Kevin Macnaughton, Managing Director, Charter</b></li> <li>▶ <b>David McCown, President, Air Partner Americas</b></li> <li>▶ <b>Paul Mason, Managing Director, Safety &amp; Security</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Customers.</li> <li>▶ Maintaining brand value.</li> <li>▶ Growing organically.</li> </ul>

Strategic report  
Principal risks and uncertainties *continued*



Category	Risk description	Potential impact	Controls/processes to mitigate	Areas of strategy impacted
<b>Environment and market</b> 	<b>Market disruption (including climate change concerns and the COVID-19 pandemic)</b> <ul style="list-style-type: none"> <li>▶ The challenge of retaining and attracting customers in a highly competitive environment with low barriers to entry (in Charter).</li> <li>▶ The risk of falling behind competitors in product development, technology innovation, standards of service or cost effectiveness.</li> <li>▶ The impact of customers' concerns in respect of air travel on the environment, in particular private jets, and the possible reduction in demand.</li> <li>▶ The impact on the aviation industry if there are governmental and regulatory changes in respect to the climate change agenda.</li> <li>▶ Restrictions and the reduction in air travel as a result of concerns over the spread of COVID-19. It is not known how long this may impact the market and what the recovery will look like.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Group's ability to maintain and grow revenues and gross profit could be adversely affected.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We continue to invest in improving the customer experience of Air Partner, relative to peers, and review technology innovations in the sector.</li> <li>▶ We actively seek feedback and undertake customer surveys to ensure we remain responsive to customer demands, relative to competitors.</li> <li>▶ Our Marketing division has completed a rebranding exercise during the year and is in the process of rolling this out across the Group. This should help customer retention and attract new customer propositions.</li> <li>▶ We are considering further measures to ease climate change concerns, including carbon offsetting opportunities. See the Sustainability section on pages 45 and 46. Any changes in regulations may be an opportunity for our Safety &amp; Security division.</li> <li>▶ We are introducing measures in order to mobilise quickly to meet market demand driven by the effect of COVID-19 and post COVID-19 when restrictions are eased.</li> <li>▶ <b>Owners: Kevin Macnaughton, Managing Director, Charter</b></li> <li>▶ <b>David McCown, President, Air Partner Americas</b></li> <li>▶ <b>Paul Mason, Managing Director, Safety &amp; Security</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Customers.</li> <li>▶ Growing organically.</li> </ul>
<b>Operational</b> 	<b>IT systems and cybersecurity</b> <ul style="list-style-type: none"> <li>▶ Cyber-attacks seeking to compromise the confidentiality, integrity and availability of IT systems and the data held on them are an increasing risk.</li> <li>▶ Risks from social engineering and potential losses through fraud and theft.</li> <li>▶ The dependency on resilient IT systems and good security awareness has been heightened due to COVID-19 as fraudsters have looked to capitalise on the situation.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Breaches of confidentiality and attacks on the Company's assets could affect customer service, financial performance and reputation.</li> <li>▶ Systems failure could result in business interruption and lost revenue.</li> <li>▶ Financial losses through payment deception.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Group uses modern IT systems and ensures that they are well maintained and upgraded regularly to mitigate the risk of failure.</li> <li>▶ Investment in training and resources to counteract cyber threats.</li> <li>▶ 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.</li> <li>▶ In case of an outage, external contingency arrangements are tested on a regular basis.</li> <li>▶ The Group has cyber insurance to mitigate the impact of any cyber-related losses.</li> <li>▶ Reinforcement of good IT security measures to be observed by staff during homeworking due to COVID-19.</li> <li>▶ <b>Owner: Craig Pattison, Group People and Technology Officer</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Customers.</li> <li>▶ Maintaining brand value.</li> </ul>

Change in risk assessment:  No change  Increased  Decreased



Category	Risk description	Potential impact	Controls/processes to mitigate	Areas of strategy impacted
<b>Strategic</b> 	<b>Growth – geographical expansion, acquisitions and integration risk</b> <ul style="list-style-type: none"> <li>Our growth strategy is one of organic growth and complementary acquisitions in aviation services. Growth presents both a risk and an opportunity.</li> <li>We have opened new offices in Houston, Singapore and Dubai over the last financial year and continue to consider other locations and opportunities. The risk here is that the investment does not deliver the expected returns relative to the business case.</li> <li>We may invest funds and resources in acquisitions which fail to deliver on expectations due to incorrect due diligence or poor execution post acquisition. In 2019, we acquired Redline Worldwide Limited to complement our existing Consulting &amp; Training business, which we have now renamed Safety &amp; Security.</li> </ul>	<ul style="list-style-type: none"> <li>Business growth puts pressure on all resources in an organisation that may not have had the time to scale up or adequately plan for the change.</li> <li>Poor acquisitions lead directly to financial damage and indirectly to reduced shareholder confidence.</li> <li>Financial performance suffers from goodwill or other impairment charges.</li> <li>Newly acquired businesses deliver less value or require more investment than anticipated.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed due diligence undertaken with appropriately skilled personnel, supported internally and externally as required.</li> <li>Project teams are established with clear lines of responsibility and ownership. Ultimately the Board reviews progress on key strategic projects and post-completion reviews of both acquisitions and organic growth initiatives.</li> <li>Appropriate representations and warranties negotiated, commensurate with target's size and risk profile.</li> <li>Detailed integration plans drawn up with key accountabilities.</li> <li>Post-acquisition reviews conducted to capture key learnings for future acquisitions and business cases.</li> <li><b>Owner: Mark Briffa, CEO</b></li> </ul>	<ul style="list-style-type: none"> <li>Broadening our offer.</li> <li>Customers.</li> <li>Growing organically.</li> </ul>
<b>Compliance and internal controls</b> 	<b>Regulatory environment, ethics and compliance</b> <ul style="list-style-type: none"> <li>The challenge of operating in multiple jurisdictions that are subject to many different and evolving laws and regulations.</li> <li>We have c.450 employees in a number of countries. Individuals may not all behave in accordance with the Company's values and ethical standards.</li> <li>We operate in markets requiring strict adherence to laws such as: <ul style="list-style-type: none"> <li>bribery and corruption;</li> <li>international trade laws; and</li> <li>General Data Protection Regulation (GDPR).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Non-compliance with regulations could result in loss of customers or damage to the Group's reputation.</li> <li>Ethics or compliance breaches cause harm to our reputation, financial performance, customer relationships and ability to attract and retain talent.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The implementation of the Group's compliance programme is a regular agenda item at both Board and Audit and Risk Committee meetings.</li> <li>During the year, we have introduced a new tool to improve how we review and monitor our 'Know Your Customer' processes and delivered training in our main business locations. We have enhanced how we train our staff in areas such as general data protection, market abuse regulation and share dealing, confidentiality, conflicts of interest, whistleblowing, trade compliance and money laundering.</li> <li><b>Owner: Judith Banks, General Counsel and Company Secretary</b></li> </ul>	<ul style="list-style-type: none"> <li>Customers.</li> <li>Developing and retaining our people.</li> <li>Maintaining brand value.</li> </ul>



Strategic report  
Principal risks and uncertainties *continued*

Category	Risk description	Potential impact	Controls/processes to mitigate	Areas of strategy impacted
<b>Contractual and counterparty</b> 	<b>Supplier and operators</b> <ul style="list-style-type: none"> <li>Reliance on third parties for delivery of services to end customers.</li> <li>Operator compliance with relevant regulations.</li> <li>Financial exposure if customers fail to pay for Charter services after Air Partner has paid the operators in advance of flight take-off, which is customary and practice in the industry.</li> <li>During COVID-19, there has been an increased focus on contractual and counterparty risks as staff have operated to shorter timescales and, in some cases, urgent demand.</li> </ul>	<ul style="list-style-type: none"> <li>Failure of aircraft or operator chartered by Air Partner.</li> <li>Loss of customers and revenues.</li> <li>Loss of earnings and cash impact.</li> <li>Negative reputational ramifications.</li> </ul>	<ul style="list-style-type: none"> <li>We have an approved list of aircraft that we charter on behalf of our customers, ensuring that the best and most appropriate aircraft is used.</li> <li>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.</li> <li>The Group constantly monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.</li> <li>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 the business relationship.</li> <li>Where appropriate, we also aim to use third-party bank guarantees instead of cash deposits.</li> <li>We are monitoring the resilience of operators and ensuring key contracting controls are observed during the COVID-19 pandemic.</li> <li><b>Owners: Kevin Macnaughton, Managing Director, Charter</b></li> <li><b>David McCown, President, Air Partner Americas</b></li> </ul>	<ul style="list-style-type: none"> <li>Customers.</li> <li>Maintaining brand value.</li> <li>Growing organically.</li> </ul>
<b>Financial performance</b> 	<b>Financial management and performance</b> <ul style="list-style-type: none"> <li>There is a foreign exchange risk as we buy and sell goods and services in currencies other than Sterling, particularly with regard to the US Dollar and Euro rates.</li> <li>There is both a credit and liquidity risk in paying operators before a flight occurs or before payment is received from the customer.</li> <li>We need to always ensure we have sufficient cash and banking facilities to respond quickly to market conditions and investment opportunities as they arise (i.e. acquisition and business expansion).</li> <li>The financial pressures of COVID-19 have caused an increased focus on cash and liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of earnings.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The Group aims to mitigate credit and liquidity risk by making payments to operators only once payment from the customer has been received, where possible.</li> <li>Regular monitoring of cash and investment in banking relationships, creating a culture of cash management across the organisation.</li> <li><b>Owner: Joanne Estell, CFO</b></li> </ul>	<ul style="list-style-type: none"> <li>Customers.</li> <li>Maintaining brand value.</li> <li>Growing organically.</li> </ul>

Change in risk assessment:  No change  Increased  Decreased

Category	Risk description	Potential impact	Controls/processes to mitigate	Areas of strategy impacted
<b>Compliance and internal controls</b> 	<b>Effective control environment</b> <ul style="list-style-type: none"> <li>Ensuring appropriate and effective controls and risk management frameworks are embedded in our changing business.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of earnings.</li> <li>Damage to brand reputation and stakeholder trust.</li> </ul>	<ul style="list-style-type: none"> <li>Our risk management and internal control framework is overseen by the Audit and Risk Committee (ARC). The Head of Risk and Assurance supports the ARC and is responsible for the internal audit function.</li> <li>Refer to pages 32 to 35 to understand our process.</li> <li>We have introduced measures to track the implementation of agreed control improvements.</li> <li>We have a number of automated initiatives currently underway to enhance operational and financial controls.</li> <li><b>Owners: Mark Briffa, CEO</b></li> <li><b>Joanne Estell, CFO</b></li> </ul>	<ul style="list-style-type: none"> <li>Maintaining brand value.</li> </ul>
<b>Environment and market</b> 	<b>Concerns over Brexit and levels of uncertainty</b> <ul style="list-style-type: none"> <li>During 2019, there was continued uncertainty around the UK's exit from the EU (Brexit), and the implications this would have for both the UK and aviation markets.</li> <li>The uncertainty directly impacted the Charter business as organisations delayed key flying decisions and activities.</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss.</li> <li>Business interruption.</li> </ul>	<ul style="list-style-type: none"> <li>Senior management and the Board have regularly considered the potential impact of the UK's withdrawal from the EU.</li> <li>While the full implications and consequences will not be understood and experienced until later in 2020, the Group continues to regularly monitor the economic indicators of the markets in which it trades, and is experienced in implementing appropriate mitigating actions.</li> <li>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 as a result of Brexit.</li> <li><b>Owners: Kevin Macnaughton, Managing Director, Charter</b></li> <li><b>Paul Mason, Managing Director, Safety &amp; Security</b></li> </ul>	<ul style="list-style-type: none"> <li>Growing organically.</li> </ul>

### Statement on the risks and effects of COVID-19

The COVID-19 pandemic has had a severe impact on the aviation industry globally, characterised by extensive travel restrictions, and the operating environment remains extremely challenging.

As referenced in the Principal Risks and Uncertainties above, COVID-19 has disrupted the Air Partner business in several ways, although the organisation has reacted quickly through its emergency response process and put in place several measures to protect staff and business operations.

The Group has acted swiftly to preserve cash and maintain working capital, implementing a series of temporary cost management initiatives that includes furloughing part of our workforce and reducing working hours. This has allowed the organisation to access government support measures. The Group is also giving careful thought to the actions required when normal working practices resume, including remobilising staff and the emerging market requirements.

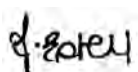
Our work during this crisis has demonstrated the value of our diversified aviation services, which operate across multiple markets, helping to offset volatility in any one market or product line. While health and safety concerns and travel restrictions have impacted routine demand for our Charter services, the Group has carried out a significant amount of evacuation and repatriation work for customers including the UK government and has seen high levels of demand for our Freight offering. Activity in these areas has so far outweighed a decline in Safety & Security and Private Jets charter.

However, while we have enjoyed a strong start to the current financial year, these circumstances are unprecedented, and we have very limited visibility for the months ahead. We therefore continue to monitor the situation closely so that we can take any necessary action as we manage the business for the long term and in the best interests of all stakeholders.

Pages 1 to 49 of this Annual Report constitute the Strategic Report. It has been approved and signed on behalf of the Board on 22 May 2020.



**Mark Briffa**  
Chief Executive Officer



**Joanne Estell**  
Chief Financial Officer

## Going concern and viability statement

### 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 49. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 27 to 31. In addition, note 24 – Financial Instruments in 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.

As at 31 January 2020 the Group had a net debt position of £6.9m (excluding JetCard cash), compared to a net cash position of £2.0m at the previous year end. The reduction in cash is driven by the acquisition of Redline Worldwide Limited. The consideration included a cash payment of £7.4m and acquisitions cost of £0.6m. The acquisition was funded by increasing the Group's borrowing by £6.0m. Following a strong first quarter as at 30 April 2020, the Group had unaudited normalised net cash of £1.7m, giving a total available headroom of £16.2m. In light of COVID-19, normalised cash adjusts the cash in the bank (excluding JetCard) for significant customer deposits and advance payments.

Group borrowing is comprised of a revolving credit facility of £13.0m (2019: £7.5m), of which the Group currently utilises £11.5m (2019: £5.5m). The Group can draw down the remaining £1.5m on demand. The facility is due to expire in February 2023. For short-term liquidity this means the Group also has access to a £1.5m overdraft facility.

As described in the Strategic Report, COVID-19 has increased significant uncertainty surrounding the future trading environment for the Group. Whilst performance in the first quarter of FY21 has been very strong, supported by additional Group Charter activity of repatriation flights and freight, there remains uncertainty over the trading performance for the rest of the year. Accordingly, the Directors have undertaken a thorough assessment in evaluating Going Concern. This has been assessed by reference to cash forecasts through to May 2021, which reflect a cautious view of trading activity across our divisions, and further sensitivities have then been applied to reflect a slower recovery in underlying performance from the COVID-19 pandemic. We have also assessed banking covenants throughout this period and taken the precautionary step to obtain waivers of our banking covenants for the periods October 2020 through until April 2021. These waivers have been granted by our lenders. In all scenarios tested there are no reasonably foreseeable downside scenarios where the Group would not maintain sufficient liquidity.

Following the year end, the Directors have taken steps to equip the Group to deal with the economic impact of the COVID-19 pandemic. These include reviewing credit terms, cost cutting measures and utilising government support for staff costs where appropriate. The Directors believe the steps detailed above and the strong cash position at the end of April 2020 mean the Group is well placed to manage its business and meet its liabilities as they fall due. In reaching this conclusion, the Directors have taken into account the risks identified in the principal risks and uncertainties on pages 32 to 42.

The Directors have made appropriate enquiries and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Viability statement

In accordance with the requirements of the 2018 UK Corporate Governance Code, the Directors have assessed the longer-term prospects of the Group, taking into account its current position and a range of internal and external factors, including the principal risks detailed on pages 32 to 42 (the viability assessment).

The Directors have determined that a three-year period is an appropriate time frame for the viability assessment. The selected period is considered to be appropriate as it represents the limit of acceptable forecasting accuracy and recognises the unpredictability of the Charter business.

The Directors have considered the current financial position, the prospects of the Group, the detailed operating plan for the 2021 financial year and the strategic plan when making the viability assessment. Against the underlying financial model, the Directors have modelled potential scenarios to assess the impact on the business of key risks materialising and mitigating steps that can be taken to address these. These risks are high impact events as detailed in the principal risks and uncertainties on pages 32 to 42.



### Viability statement *continued*

The revised models review the impact of the risks on the long-term ability of the Group to continue to operate, in terms of profitability, cash flow and adherence to banking covenant tests. The Directors have considered the impact of the risks both in isolation and cumulatively. The Directors are confident that the Group's diversification in products, services and geographic base means it is well positioned to react to any changes if any of the risks identified are crystallised.

The impact of COVID-19 has been scrutinised due to the wide-ranging effect on the economy and uncertainty over how long it will last. The model has assumed that the restrictions in movements to contain the virus will be in effect in some capacity until mid-2021. The model assesses how each of the Group's revenue streams are likely to be impacted and the potential timeline for that revenue stream to return to pre-COVID levels. The Directors believe that the steps detailed in the Going Concern section above and the current financial position mean the Group is well placed to absorb the impact of COVID-19.

Based on the assessment detailed above, the Directors have a reasonable expectation the Group will remain viable for the period being assessed and will continue to operate and meet its liabilities as they fall due. The Directors have no reason to doubt that the Group will continue in business beyond the period under assessment.

# Creating a net positive impact

“The Company recognises that the business has a role in contributing to wider society and is committed to improving the impact of its operations on the environment.”

## Environment, Social and Governance Report

The Company is committed to understanding and improving the impact of its operations on the environment and society. The Company has an impact on the local economies and communities within which it works and recognises its responsibility to the stakeholders in these groups. An environment, social and governance working group was set up during the year to consider the Group's impact on the environment. The aim is to develop a long-term environmental strategy and framework of initiatives along with adopting a group-wide cultural and policy change aligned with this strategy.

### Our vision and commitment

To develop and implement a long-term environmental, social and governance strategy, setting goals and targets and operating within a responsible and sustainable framework.

Initial work was carried out by the working group. Following feedback from our customers and our people through engagement surveys the following key focus areas have been prioritised:

## Key focus areas

### Environment

- ▶ Refresh our carbon offset scheme
- ▶ Develop and implement a carbon reduction programme for offices within the Group

### Environmental Carbon offset scheme

It is recognised that air travel brings economic, cultural and personal benefits but aviation is under increased scrutiny in the environmental and climate change arena. There is a continued demand for travel which brings regional cohesion and economic growth. The Company aims to promote sustainable flying to balance its environmental and social responsibilities.

The immediate aim has been to refresh the carbon offsetting options available to our Charter customers. In order to achieve this, the Company has formed a new partnership with ClimateCare to provide customers with the ability and choice to offset the carbon emissions of private charter flights.

### Social

- ▶ Create an inclusive and safe working environment for our people to ensure they reach their full potential
- ▶ Positively impact the communities and societies in which we operate

### Governance

- ▶ Manage our corporate governance framework to support the objectives, strategy and business model of the Group
- ▶ Promote an open and inclusive culture and high ethical working standards

Formed in 1997, ClimateCare is a market leader in the global carbon markets and climate change sector. ClimateCare and its partners have removed over 35m tonnes of CO<sub>2</sub> and improved the quality of life for more than 37m people around the world over the last 20 years.

ClimateCare has first-hand experience in the aviation sector working with some of the world's renowned airlines. The programme enables customers to calculate and offset their carbon emissions dependent on the type of aircraft being chartered and the distance flown. Carbon credits are purchased from the Climate+Care portfolio, which includes projects that not only cut carbon but tackle poverty, improve health and protect the environment.

#### **Environmental** *continued*

##### **Carbon offset scheme** *continued*

The scheme is an 'opt-in' scheme which gives our customers the choice and flexibility to add the cost of offsetting to their charter flight. A soft launch of the scheme to test its effectiveness has been successfully trialled within the business and will be formally rolled out during 2020.

In the longer term the strategy will revolve around adding additional value for our customers to the scheme.

##### **Carbon reduction programme for offices within the Group**

- ▶ The Company actively promotes the use of public transport, cycling to work initiatives, car sharing, and home working coupled with the increased use of video conferencing technology to reduce employee travel.
- ▶ Further initiatives to be considered to reduce the carbon footprint of our offices will include carbon offsetting of employee travel, use of sustainable suppliers and improving resource and waste management processes.

#### **Social**

##### **Create an inclusive safe working environment for our people to ensure they reach their full potential**

Throughout the year, the Company has enhanced the working environment for all employees.

- ▶ Our people are our greatest assets and we are passionate about attracting new talent as well as developing and retaining our current talent. As a result, the Air Partner Career Development Framework was launched in the UK. The framework provides a simple and robust basis to support career development and reward within the Group. The framework will be rolled out internationally during 2020.
- ▶ A working group was set up this year to raise awareness of mental health and wellbeing across the Group. This group has attended

awareness sessions run by a mental health charity with some of the team becoming Mental Health First Aiders in the workplace. Further initiatives will be launched over the next year to show that the Company is visibly committed to positive mental health, that managers are informed and open to conversations with their teams and that our people are self-aware and can ask for help when needed.

- ▶ An Employee Advisory Panel was established as an engagement mechanism for the Board of Directors to gather the views of the workforce on key strategic matters. Further details on employee engagement can be found in the Corporate Governance Report on pages 52 to 55.

##### **Positively impacting the communities and societies in which we operate**

Air Partner is conscious of its impact on the communities and societies in which the business operates. Efforts to create positive impact include:

- ▶ creating employment opportunities in local markets and develop talent and skills;
- ▶ driving charitable initiatives and supporting and donating to charities – the Group has chosen the World Wide Fund for Nature (WWF) as its dedicated charity for 2020. WWF is the world's leading independent conservation organisation;
- ▶ actively encouraging staff by offering volunteering days to support projects in their local communities.

##### **Governance**

A strong governance framework aligned to the Group's long-term strategic development is critical to support the business and enhance stakeholders' interests for the future. The Corporate Governance Report on pages 50 to 62 includes details of our corporate governance framework, values and culture.

**“The Company aims to promote sustainable flying to balance its environmental and social responsibilities.”**

## Section 172 statement

# Section 172 of the Companies Act 2006

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006.

This serves as our section 172 (s.172) statement and should be read in conjunction with the stakeholder engagement section in our Corporate Governance Report on pages 52 to 55. Under s.172 of the Companies Act 2006, Directors have a duty to promote the success of the Company for the benefit of the members as a whole and, in doing so, have regard to the interests of stakeholders in their decision making. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of the Company for its members in the long term.

Consideration of stakeholders' interests has always been integral to the work of the Board and in its decision making. The Board's

decision-making process includes deliberating the impact of decisions on the key stakeholder groups identified by the Board. For strategic decisions, the Board is provided with associated documentation to allow an informed assessment, for example an outline of key risks and opportunities and of the possible impact on stakeholders and long-term forecasts. The Board also understands the importance of ensuring it has an effective engagement framework to capture feedback on the business' impact. Details of the stakeholder groups' key concerns and methods of engagement can be found on pages 52 to 55.

“Consideration of stakeholders' interests is integral to the work of the Board and in its decision making.”



## Peter Saunders Annual Award for Extraordinary Customer Service

In 2018 we launched the Peter Saunders Annual Award for Extraordinary Customer Service to recognise the lasting impact our late Chairman, Peter Saunders, had on our Group. With a strong career in retail, Peter intrinsically knew the importance of customer service to business performance and reputation and was key to the introduction of our Customer First programme that helped us to put customers at the heart of everything we do.

The winner of the award for 2019 was Kailesh Patel, Senior Finance Business Partner. Kailesh has worked at Air Partner since 2017 and has provided invaluable support to the Group, consistently providing insightful analysis that has helped inform key decisions made across the Group, in support of our strategy. Kailesh has consistently lived our brand values – care deeply, take responsibility, work as one, and be extraordinary. Customer First is a philosophy that is embraced across our organisation and we recognise the work that Kailesh and our Group functions do to deliver success internally within the organisation as well as playing their part in delivering the extraordinary to our customers.

“Kailesh is a great asset to the Group and consistently demonstrates all of our core values. Customer First is a philosophy that is embedded in our organisation and Kailesh goes above and beyond with his customer-centric approach.”

*Mark Briffa, Chief Executive Officer*



Section 172 statement *continued*

## Examples of strategic decisions taken within the year and stakeholder consideration

### Acquisition of Redline Worldwide Limited

The Board was supplied with a business case for the acquisition focusing on the product and service offering, market drivers, environmental factors and strategic rationale, along with regular updates on the due diligence process. Substantial information was available to the Board to allow an analysis of the impact on stakeholders and inform decision making.

Stakeholders	Considerations
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>▶ Alignment to the Group's long-term strategy to become a world-class global aviation services group</li> <li>▶ Evaluation of funding methods and associated shareholder impact</li> <li>▶ Long-term sustainable value and forecast of revenue generation</li> </ul>
<b>Our people</b>	<ul style="list-style-type: none"> <li>▶ Integration programme for both new and existing staff</li> <li>▶ Formation of a new division and addition of new capabilities</li> <li>▶ Learning opportunities and cross-selling</li> <li>▶ Management bandwidth</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Enhancement of our customer offering</li> <li>▶ Extending our suite of aviation services</li> <li>▶ New customers and cross-selling opportunities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ Integration of new suppliers</li> <li>▶ Opportunities for existing suppliers</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>▶ Employment opportunities in new location</li> </ul>

### New offices in Houston, Singapore and Dubai

Business proposals for new jurisdictions included product and service offering, market drivers, the associated costs and ease of opening a new office in the jurisdictions identified, choices of entity, environmental factors and strategic rationale.

Stakeholders	Considerations
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>▶ Alignment to the Group's long-term strategy to become a world-class global aviation services group</li> <li>▶ Organic growth into new markets</li> <li>▶ Long-term sustainable value and forecast of revenue generation</li> </ul>
<b>Our people</b>	<ul style="list-style-type: none"> <li>▶ Opportunities for new and existing staff</li> <li>▶ Cross-selling opportunities</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Enhancement of our customer offering with extended geographic reach</li> <li>▶ New customers and cross-selling opportunities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ New market for existing and new suppliers</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>▶ Local employment and supplier opportunities in new geographies</li> </ul>

## Chair's introduction to governance



Ed Warner, Chair

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 31 January 2020. 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. With the introduction by the UK Financial Reporting Council (FRC) of the 2018 UK Corporate Governance Code (the Code) we have renewed and strengthened our governance framework to apply the principles of the Code.

We continue to recognise that 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 continues to be a key focus.

### Key governance activities in the year

During the course of the year, the Board had a strong focus on implementing the changes brought about by the Code. The Board considered how best to engage with key stakeholders and strengthened existing engagement methods. An Employee Advisory Panel was formed, and a designated Non-executive Director appointed to act as a conduit between the Board and the workforce.

The annual process of Board and Committee evaluation was bolstered this year with a refreshed approach taken allowing for a comprehensive review of 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 49. The Company has applied the main principles of the Code and a sound structure is in place to support this.

### Board changes

Having taken up the role of Chair of the Board on 1 April 2019 this is my first full year of tenure.

We welcomed Paul Dollman, who joined the Board as a Non-executive Director on 1 May 2019 and became Chair of the Audit and Risk Committee on 26 June 2019.

Sadly, we reported that Richard Jackson, Non-executive Director and Senior Independent Director, passed away in March 2020 after a short illness. Richard joined the Board on 8 September 2016 and was appointed as Senior Independent Director on 28 June 2017. He also acted as the Company's Interim Chair between 4 September 2018 and 30 March 2019, reverting to Senior Independent Director upon my appointment. Over this period Richard provided a significant contribution to the Company's strategy and Board discussions.

I remain 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

22 May 2020

### Compliance Statement

This corporate governance statement, together with the Nomination Committee report on pages 63 and 64, the Audit & Risk Committee report on pages 65 to 67, and the Directors' Remuneration report on pages 69 to 82, provide a description of how the main principles of the UK Corporate Governance Code 2018 have been applied by the Company during the year ended 31 January 2020. The Code is published by the Financial Reporting Council and is available on its website at [www.frc.org.uk](http://www.frc.org.uk). It is the Board's view that, throughout the year ended 31 January 2020, the Company fully complied with the relevant provisions set out in the Code. This statement complies with sub-sections 2.1, 2.2(1), 2.3(1), 2.5, 2.7, 2.8A and 2.10 of Rule 7 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The information required to be disclosed by sub-section 2.6 of Rule 7 is shown on page 84.

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. Details of our corporate governance practices are publicly available on our website, [www.airpartner.com](http://www.airpartner.com).

### More information:

**Board leadership and Company purpose**  
- see pages 51 to 56

**Division of responsibilities** - see pages 61 and 62

**Composition, succession and evaluation** - see page 62 and the Nomination Committee Report on pages 63 and 64

**Audit, risk and internal control** - see the Audit and Risk Committee Report on pages 65 to 67 and page 68

**Remuneration** - see the Directors' Remuneration Report on pages 69 to 82

# Corporate governance report

## Board leadership and Company purpose

### 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 confirms that it has completed a robust assessment of the Company's emerging and principal risks, as detailed in Principal Risks and Uncertainties on pages 32 to 42.

### Company purpose

The Board establishes the Company's purpose, values and strategy. In line with the Company's purpose, the Board sets the strategic aims of the Group and rigorously reviews trading performance against strategic initiatives and financial targets set at the beginning of the year. The Board also ensures the necessary resources are in place to achieve the strategic aims.

### Values and culture

The Company is reliant on teams of great people to deliver an extraordinary service. This is supported by a culture committed to customer centricity. We have five core values, namely 'Care deeply', 'Take responsibility', 'Live your passion', 'Work as one' and 'Be extraordinary'. These values underpin our strategy and are clearly communicated within the organisation to provide the framework of our culture and define the way in which our employees go about their business. These values, together with the Company's policies, are the thread aligning the practices and behaviours of the business to the Group's strategy. The Board recognises the importance of the Company's remuneration practice and policies being aligned to the strategy and values. In 2019, a comprehensive review of the UK discretionary variable pay plans for the sales and broking teams was completed and the plans were amended to ensure that they are driving behaviours aligned to the Company's purpose, strategy and values. Leading by example, the Board operates in a transparent environment and encourages debate of issues. This approach is cascaded from the Board to the Group Executive Team to foster a culture of openness and responsibility.

### Examples of ways in which the Board monitors and assesses culture

Who	How
<b>The Board</b>	<ul style="list-style-type: none"> <li>As the designated Non-executive Director, Amanda Wills attends Employee Advisory Panel (the Panel) meetings, allowing her to assess culture. The Panel is tasked with considering employee engagement mechanisms and culture. Amanda gives feedback to the Board on these activities.</li> <li>The Board evaluation carried out during the period specifically asked about the culture of the Company and how this was linked to strategy.</li> <li>The General Counsel and Company Secretary reports to the Board on any whistleblowing investigation made in accordance with the whistleblowing policy.</li> <li>The Group business ethics policy explains the Company's approach to ethical and professional standards and ensures employees know what is expected from them to uphold these standards.</li> <li>The Chief Executive Officer reports to the Board on the results of any employee engagement surveys undertaken, allowing the Board to assess any cultural misalignment and discuss corrective actions. No engagement survey was conducted during the year, however the Board took time to address feedback on communication, engagement, reward and recognition from the prior year's survey.</li> <li>The implementation of any new policies or significant change to existing policies is reported to the Board by the Chief Executive Officer to ensure cultural alignment.</li> </ul>
<b>Board members</b>	<ul style="list-style-type: none"> <li>Board members visit different Group offices both in the UK and overseas enabling them to interact with employees in their own surroundings and assess culture in a local context. For example the Chair visited the United States and spent time with employees from each of the regional offices representing varying levels of seniority.</li> <li>The Executives operate an open door policy and are available to staff, facilitating a culture of transparency.</li> </ul>
<b>Audit and Risk Committee</b>	<ul style="list-style-type: none"> <li>Attitudes to compliance, risk and internal audit help to give an indication of culture. The Committee provides an oversight of all business risks including those arising from conduct within the organisation.</li> <li>The Committee monitors compliance with key Group policies including those relating to conduct and culture, for example business ethics, Group operating rules, staff commissions and gifts and hospitality.</li> <li>All agenda items and reports are considered for any conduct and culture implications and their impact on the vision and values across the Group.</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>Overviews of employee pay structures and their alignment with the Company's purpose, values and strategy are provided to the Committee allowing the Committee to ensure relevant policies and practices promote the Group's values.</li> </ul>
<b>Nomination Committee</b>	<ul style="list-style-type: none"> <li>The Committee considers the Group's equality and diversity policy, gender balance and succession planning. This allows the Committee to ensure policies and practices are consistent with values and provide for an inclusive and diverse culture.</li> </ul>



**Company purpose** *continued*

The Board is satisfied that the policies, practices and behaviours of the Group are aligned with the Company's purpose, values and strategy and continually monitors this alignment. Outcomes of the Board's evaluation of culture included:

- renewed training programmes to employees to ensure all relevant policies are embedded in the Company's culture;
- constant monitoring of any culture-related incidents, regularly discussed in the Group Executive Team's meetings and reported to the Audit and Risk Committee;
- encouragement by Amanda Wills for the Panel to seek understanding and give insight on the Group's culture; and
- assessment of culture added as a regular item for discussion at the Board's meetings and at the Board's annual strategy day.

During the year, the Board's governance has contributed to the Company's strategy as follows:

**Key strategic activities**

**Acquisition of Redline:** The acquisition was aligned with the Group's diversification strategy and reviewed for strategic fit and cultural alignment to the Group. The risks were reviewed and balanced against opportunities to broaden service offerings and grow the Safety & Security division. The acquisition added to the Group's capabilities and product offering with a new suite of services and also brought cross-selling opportunities. Full Board approval was sought for the transaction and delegated authorities were in place to progress it. The impact on all stakeholders groups was considered and further details are included in our Section 172 Statement on pages 47 to 49.

**New offices in Singapore, Houston and Dubai:** The opening of new offices followed the organic growth element of our strategy and provided opportunities to extend the Groups' geographic footprint. The new offices added to the Group's customer base and market share and the Board considered customer needs in the locations. The impact on all stakeholders groups was considered and further details are included in our Section 172 Statement on pages 47 to 49.

Further details on the Company's purpose, values and strategy and the assessment of the basis on which the Company generates and preserves value over the long term can be found in the Strategic Report on pages 1 to 49.

**Stakeholder engagement**

During the year, the Board spent time considering and developing its stakeholder engagement mechanisms and focusing on its understanding of stakeholders' views. The Board recognises its duty to promote the success of the Company for the benefit of its members and, in doing so, to ensure it has regard for the interests of all stakeholders and its contributions to wider society. More information about how the Directors have discharged their duty under Section 172 of the Companies Act 2006 is available in the Strategic Report, on pages 47 to 49.

Regular updates explaining how key stakeholders' needs are addressed are provided to the Board. These include reports on customer and supplier feedback and surveys, reporting on participation in industry forums and events, community activities, engagement with shareholders following roadshows and meetings and engagement with employees through the Employee Advisory Panel and other methods. These updates serve to enhance the Board's understanding of stakeholder views and aid decision making.

The Board considers that engaging with stakeholders and understanding their views is fundamental to the way the Company does business. The people, business partnerships and community stakeholder groups are all integral to our business and their input, cooperation and trust is imperative to the success of the Company.

## Our stakeholders and how we engage with them

Stakeholder	Key concerns	Engagement	Outcomes
<b>Shareholders:</b> Our investors provide capital for the Company to grow and seek opportunities for future investment and success.	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Clear and understandable strategy</li> <li>Focus on sustainable and responsible growth</li> <li>Capital allocation and dividends</li> <li>Corporate governance</li> </ul>	<p><b>Annual General Meeting (AGM):</b> Shareholder participation has been welcomed at previous AGMs. In line with UK government guidance resulting from the COVID-19 situation, shareholders are not entitled to attend the 2020 AGM in person unless notified otherwise by the Company. Shareholders are invited to submit any questions to the Company that they would have asked at the 2020 AGM. For further details see the Notice of Meeting on pages 155 to 167. AGM voting results are made public and published on the Company's website.</p> <p><b>Ongoing investor engagement:</b> Communication is conducted primarily through meetings of the Executive Directors with analysts and significant shareholders following both the interim and preliminary announcements of the results of the Group.</p> <p>During the year the Chair and Non-executive Directors met with shareholders to understand their views on key matters.</p> <p>Amanda Wills, Chair of the Remuneration Committee, maintained a dialogue with major shareholders regarding proposed changes to the remuneration policy.</p> <p><b>Regulatory news service:</b> The Board exercises care to ensure that all information is released in accordance with applicable legal and regulatory requirements and to all shareholders at the same time.</p> <p><b>Annual Report and Accounts:</b> The Company strives to provide a clear, informative and engaging view of the business in its reporting to shareholders.</p> <p><b>Website information:</b> Shareholders and potential shareholders can access investor-related information in the Investors section of the Company's website, <a href="http://www.airpartner.com">www.airpartner.com</a>. This site also provides contact details for any investor-related queries.</p>	<p><b>AGM:</b> The 2019 AGM was well attended and the proposed resolutions were all passed with votes in favour ranging from 94.42% to 100%. Board members were present to answer shareholder questions.</p> <p><b>Investor engagement:</b> After shareholder meetings, feedback is shared with the whole of the Board, summarising views and identifying actions to be taken as necessary.</p> <p>Shareholders' comments on the proposed remuneration policy were considered and suggestions implemented such as the introduction of a two-year holding period for vested share awards.</p>
<b>Customers:</b> Putting our customers first and ensuring a positive experience is crucial.	<ul style="list-style-type: none"> <li>Customer engagement and satisfaction</li> <li>Frictionless services and solutions</li> <li>Protecting customers' businesses through our services</li> </ul>	<p><b>Direct feedback, customer satisfaction surveys and other engagement:</b> The Board receives regular updates from the CEO at Board meetings on direct customer feedback, customer satisfaction survey results for charters and training, net promoter scores, key customer meetings and account management activities. Customer satisfaction and dispute resolution are captured in our systems as part of our ISO 9001 accreditation.</p> <p><b>Customer service:</b> Air Partner is a people business and the 'Customer First' value is promoted by the Board. The Board presents the Peter Saunders Award for Extraordinary Customer Service and a cross-selling reward scheme is also in place.</p>	<p><b>Direct feedback, customer satisfaction surveys and other engagement:</b> Customer engagement feedback is taken into account in Board decisions including product development, service offerings and the Group's geographic spread.</p> <p>Results from customer satisfaction surveys indicating low survey scores and underperformance are followed up by management and appropriate actions taken. Overall performance updates are provided to the Board. Baines Simmons has retained a gold Feefo standard for five years.</p> <p><b>Customer questionnaires:</b> Views on a refresh of our environment and sustainability policy were sought from customers and fed back into a proposed action plan for Board adoption.</p>

## Our stakeholders and how we engage with them

Stakeholder	Key concerns	Engagement	Outcomes
<b>Suppliers:</b> Our supplier partnerships are vital to our overall success, allowing us to deliver an extraordinary experience to our customers in all of the markets in which we operate.	<ul style="list-style-type: none"> <li>▶ Working in partnership to deliver the best customer experience</li> <li>▶ Key supplier scheme</li> <li>▶ Effective and respectful working partnerships</li> </ul>	<b>Key supplier scheme/supplier partnerships:</b> We continually collaborate with our suppliers to offer seamless services. We seek mutually beneficial partnerships allowing us to extend our range of service offerings to customers. Feedback and updates from supplier meetings and attendance at industry events (such as BACA, the World Aviation Safety Summit and the ERA) are shared with the Board.	<b>Supplier engagement:</b> Supplier feedback and engagement informs the Board's decisions on supplier partnerships and enhancements to service offerings.
<b>Our people:</b> Our people drive our business by creating, selling and supporting the delivery of an extraordinary service to customers.	<ul style="list-style-type: none"> <li>▶ Career opportunities and reward</li> <li>▶ Strategic direction and success of the Group</li> <li>▶ Learning and development</li> <li>▶ Internal communication and collaboration</li> <li>▶ Health, safety and wellbeing</li> <li>▶ Culture</li> </ul>	<b>Employee Advisory Panel:</b> The Company created a formal Employee Advisory Panel (the Panel) tasked to engage with the workforce, and appointed Amanda Wills as designated Non-executive Director. Further details on the Panel can be found on page 55.  <b>Employee updates:</b> Various engagement methods are employed with staff including informal town hall events, all-hands meetings, CEO lunches and the Company's intranet.  <b>Whistleblowing policy:</b> The channels allowing the workforce to raise concerns in confidence are clearly publicised to staff and any matters reported to the Board.  <b>Mental health awareness:</b> During the year, a group was set up to raise awareness of mental health and wellbeing across the business. The awareness programme aims to help our people look after their own wellbeing, be self-aware and to look out for and support colleagues and to provide an environment where people feel able to ask for help when needed.	The Board receives updates from the CEO at every Board meeting on matters relating to our people and engagement activities. Results of engagement activities and views have been taken into account by the Board and its Committees when considering remuneration and reward, Group structure, cultural alignment and strategic initiatives.  <b>Employee Advisory Panel:</b> Amanda Wills reports to the Board on the activities of the Panel, providing the employees' perspective on key issues. Panel members are given a clear understanding of the Board function which is passed onto other employees of the Group. The Panel is tasked with considering employee engagement mechanisms to gain employee feedback.  <b>Employee updates:</b> Results and key messages are deployed to the workforce using the most suitable methods.  <b>Mental health awareness:</b> Initiatives are being implemented to educate and ensure that a wellbeing strategy is embedded into the business.
<b>Community:</b> Considering the impact of our operations on the communities and environment that the Group operates in is imperative to ensure the long-term sustainability of our offerings.	<ul style="list-style-type: none"> <li>▶ Local employment and business opportunities</li> <li>▶ Environmental impact</li> <li>▶ Support for local communities</li> </ul>	<b>Environmental, social and governance:</b> An action group was set up during the year to consider our impact on the environment and propose an environmental strategy to the Board.  <b>Charitable giving:</b> The Group has a charity committee made up of volunteer employees across the Company, responsible for driving charitable initiatives forward and organising a range of charitable events.  <b>Volunteering:</b> All staff are entitled to two volunteering days and are actively encouraged to make use of these to support projects in the local community.	<b>Environmental, social and governance:</b> Work is ongoing to implement environmental initiatives. This is a key Board agenda item and the Board is committed to reducing the Group's impact on the environment. More details can be found on pages 45 and 46.  <b>Charitable giving and volunteering:</b> The Board encourages the fundraising and volunteering efforts of the Group. Our nominated Group charity is voted for by our employees and at the end of 2019 the World Wide Fund for Nature was nominated as our designated charity for 2020.

You can find our Section 172 Statement, detailing our Directors' responsibility to stakeholders, on pages 47 to 49.

### Engagement with the workforce — Employee Advisory Panel (the Panel)

Following the new provisions of the Code, the Board opted to form an Employee Advisory Panel and appoint a Non-executive Director tasked with engaging with the workforce. The requirement to form the Panel was communicated across the whole Group, seeking members to represent constituencies both on a function and location basis to ensure the entire workforce was represented. Members nominated themselves to represent their constituencies and were tasked with reaching out to their colleagues to educate them on the existence and work of the Panel. Panel activities include:

- educating the workforce on the Panel existence and purpose;
- developing a programme of engagement activities;
- gathering the views of the workforce and distilling these to establish key themes; and
- ensuring employees have knowledge of the whistleblowing policy and other policies as relevant.

The designated Non-executive Director, Amanda Wills, attends Panel meetings and provides updates on Panel activities to the Board.

### Investing in the workforce

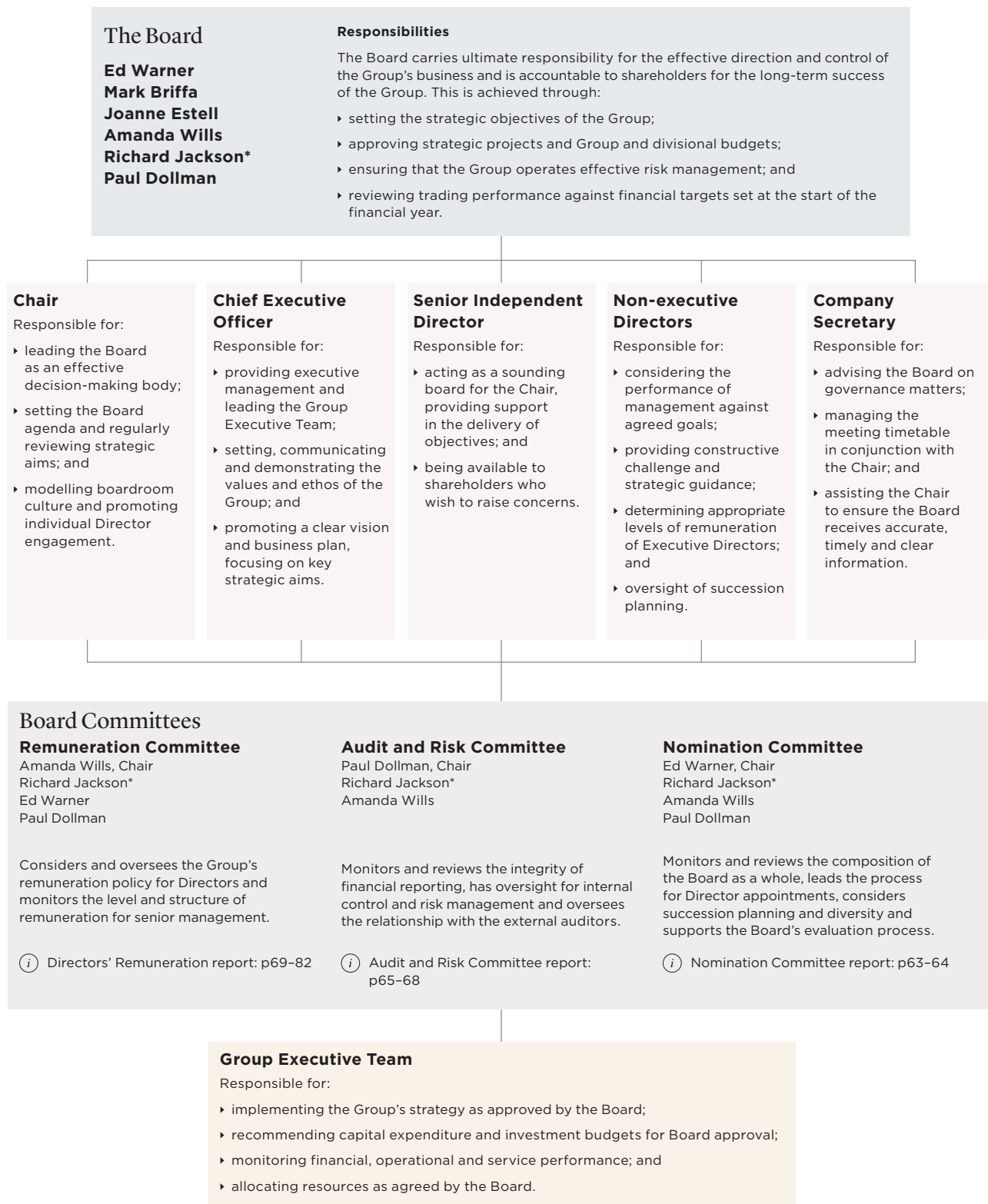
The Group employs people in specialised high capability roles, from brokers to consultants and aviation experts to covert testers and management across a range of geographies. The reward structure for our people is built around a set of common reward principles on a framework altered to suit the needs 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. During the year a comprehensive review of the UK reward practices was undertaken and a number of changes were implemented to strengthen the link between reward and the Company's values. From this review a long-term roadmap for reward will be established. In the period, the Company also launched a high potential programme and began the roll-out of the Myers Briggs Type Indicator training. Both of these initiatives will help strengthen the leadership capability throughout the organisation.

#### UK Corporate Governance Code

- A** 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 is also responsible for maintaining sustainable value for shareholders whilst contributing to wider society and having due regard to all stakeholders in decision making.
- B** The Board establishes the Company's purpose, values and strategy and sets the strategic aims of the Group. The Board acts with integrity, operating in a transparent environment to promote the desired values and culture of the business.
- C** The Board ensures the necessary resources are in place to achieve the strategic aims of the Group and measures performance against objectives. A control framework is in place enabling risk to be assessed and managed.
- D** The importance of stakeholder engagement is recognised and the Board has developed its engagement mechanisms to understand stakeholder views on key matters to support its decision-making processes.
- E** Workforce policies and practices are consistent with the Company's values and are monitored to be refreshed as necessary.



## Governance structure: Board and Committees



\* Richard Jackson passed away in March as announced to shareholders on 30 March 2020.

“We are delighted to be working alongside Air Partner’s Managed Services team to maintain this vital link in Airbus’ operations.”

*Jonathan Hinkles, Managing Director, Loganair*

## Keeping corporates connected

Our Group Charter team works closely with our corporate clients on a day-to-day basis, assisting with a wide variety of charter flight requirements – varying from one-off charters to multi-leg series of flights. In 2018, we were delighted to be awarded a three-year contract by a new corporate client, Airbus, a leading aircraft manufacturer, providing Managed Services for its corporate shuttle.

Our Managed Services provide a range of professional, technical and commercial expertise that is available around the clock, 365 days a year, enabling customers to maximise operational efficiencies.

Our valued client Airbus had a requirement to operate a corporate shuttle Monday to Thursday between its three locations – two in the UK and one in France. The shuttle provides a vital link for Airbus employees and contractors travelling between the three locations. Our expert team was called upon to manage all operational and contractual requirements, putting into place two dedicated 49-seat Embraer 145 regional jets operated by Glasgow based Loganair, operating 28 sectors every week for the duration of the contract.

We are committed to delivering the extraordinary for our clients every day and, due to our extensive aviation expertise and close relationships with aircraft operators, we are perfectly placed to assist with all manner of corporate charter flight requirements.





The Directors and Company Secretary of the Company who were in office during the year were:

## 1. Ed Warner

Chair ●●●●

**Appointed:** 1 April 2019

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 IIFX 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
- Non-executive Director, HarbourVest Global Private Equity

## 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 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

Sadly, Richard passed away in March 2020 after a short illness. 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 acted as consultant to a number of aviation and travel-related clients.

## 5. Paul Dollman

Non-executive Director ●●●●

**Appointed:** 1 May 2019

Paul Dollman was appointed as Independent Non-executive Director of the Company on 1 May 2019 and took up the role of Chair of the Audit and Risk Committee on 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 S.A., a global online travel agency and Chair of its 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.

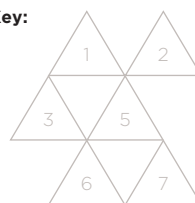
## 7. Judith Banks

General Counsel and Company Secretary

**Appointed:** 6 November 2018

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 Elekta, a Nasdaq-listed medical devices company, the industrial group Atlas Copco and ATR, the regional aircraft manufacturer.

Key:



Committees:

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

Shaun Smith stepped down as Chair of the Audit and Risk Committee and Non-executive Director of the Company on 26 June 2019.



## Corporate governance Group Executive Team



**1. Mark Briffa**  
Chief Executive Officer

**2. Joanne Estell**  
Chief Financial Officer

**3. Judith Banks**  
General Counsel and  
Company Secretary

**4. 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.

**5. Paul Mason**  
Managing Director,  
Safety & Security

Paul was at the helm of Redline from inception in 2006 to acquisition by

Air Partner in 2019, guiding Redline from a concept through to the internationally acclaimed security training, consultancy, and quality assurance company that it has become. With over 25 years of aviation experience, Paul is now leading the Safety & Security division of Air Partner which encompasses both Redline and Baines Simmons. The division offers an unmatched range of products and services spanning all aspects of safety and security, training, consultancy, quality assurance and innovative software products to cater for the needs of tomorrow's threats and risks as well as big data handling, live data analytics and real-time threat and risk management.

**6. David McCown**  
President, Air Partner  
Americas

David has over 20 years' experience in the private aviation industry serving in various capacities including as founder of AirCharter.com (the first online reservation system for private jets,

acquired by FlightTime in 1998), board member of the holding company for Wyvern Aviation safety and Chair of the Air Charter Association of North America. Prior to aviation, David spent several years in the banking industry with Bank of America.

**7. Tony Whitty**  
Executive Vice  
President, Remarketing  
and ACMI

Tony started his career in aviation in 1991 and in 1998 became one of the founding members of Cabot Aviation, which was acquired by Air Partner in May 2015 and is now Air Partner Aviation Services. Tony leads Air Partner's Remarketing business, representing aircraft owners as exclusive remarketing agent and also undertaking acquisition mandates on behalf of airlines, lessors and spares companies. Tony also heads up the ACMI business, assisting airlines in sourcing aircraft on ACMI leases. 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.

**8. Craig Pattison**  
Chief People and  
Technology Officer

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 became Chief People and Technology Officer on 1 February 2020.

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

## Division of responsibilities

The Company is governed by a formal schedule of matters reserved for the Board, which includes responsibility for the 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 Committees' terms of reference are available online at [www.airpartner.com](http://www.airpartner.com). 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.

All Directors have access to the advice and services of the Company Secretary and to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

### Non-executive Directors

The Non-executive Directors consider the performance of management against agreed goals and provide constructive challenge and strategic guidance to the Executive Directors during Board discussions.

The Board considers all the Non-executive Directors, including the Chair, to be independent when assessed by the circumstances set out in Provision 10 of the Code. Given their relatively small shareholdings, the Board does not believe that these impact on the independence of Ed Warner, Amanda Wills or Paul Dollman.

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 during 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 biographies on pages 58 and 59.

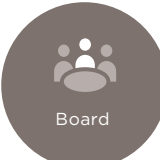



Additional external appointments are discussed with the Board before acceptance and the Board reviews the impact before approving. During the year the Chair consulted with the Board on a proposed additional appointment to HarbourVest Global Private Equity. The other Directors were satisfied that Chair could accept the additional appointment and that this would not impact his commitment to his role with the Company.

### UK Corporate Governance Code

- F** The Chair, Ed Warner, is responsible for the leadership and effectiveness of the Board. Board meetings are open and constructive debate is encouraged. The Chair, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information.
- G** Half of the Board are considered to be independent, providing an appropriate combination of Executive and Non-executive Directors and balance to decision making. There is a clear division of responsibilities between the leadership of the Board and executive leadership. The division of these responsibilities 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](http://www.airpartner.com).
- H** The Non-executive Directors constructively challenge management and provide strategic steer and guidance. The time commitment required of Non-executive Directors is communicated to them upon appointment and any other obligations which may impact this commitment are disclosed.
- I** The Board, supported by the Company Secretary, ensures that policies and processes are in place. Appropriate time is allowed for consideration of matters and decision making and necessary resources are available for the Board to carry out its duties effectively.
- J** 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.
- K** As a whole the Board has a balance and depth of skills and experience, together with suitable knowledge of the Group and industry, to enable successful discharge of respective duties and responsibilities.
- L** An annual evaluation of the Board's performance was carried out during the year and included consideration of the composition of the Board and its effectiveness.

### Board meetings

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

	Executive Directors		Non-executive Directors				
	Mark Briffa	Joanne Estell	Ed Warner <sup>1</sup>	Richard Jackson <sup>4</sup>	Amanda Wills	Paul Dollman <sup>2</sup>	Shaun Smith <sup>3</sup>
 Board	5/5	5/5	5/5	3/5	5/5	4/5	2/2
 Audit and Risk Committee				3/5	5/5	3/4	2/2
 Remuneration Committee			3/3	1/3	3/3	2/3	1/1
 Nomination Committee			1/1	1/1	0/1	1/1	

1. Ed Warner was appointed as Non-executive Chair on 1 April 2019.

2. Paul Dollman was appointed as a Non-executive Director on 1 May 2019 and Chair of the Audit and Risk Committee on 26 June 2019.

3. Shaun Smith resigned as a Non-executive Director and Chair of the Audit and Risk Committee on 26 June 2019.

4. Richard Jackson passed away in March 2020 after a short illness. Richard was unable to attend some of the Board and Committee meetings due to ill health.

## Composition, succession and evaluation

### Composition of the Board

The composition of the Board is shown on pages 56 and 58 to 59.

### 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 the initial term their appointment may be extended, subject to mutual

agreement. All Directors are subject to election by shareholders at the first AGM after their appointment and to annual re-election thereafter. On this basis, all members of the Board will retire and seek re-election by shareholders at the 2020 AGM.

## Nomination Committee report



**Ed Warner**, Chair of the Nomination Committee

The principal purpose of the Nomination Committee is to monitor the composition of the Board and its Committees, lead the process for appointments of new Directors and Committee members and oversee planning for the succession needs of the Company. The Committee has responsibility for the Company's policy on the promotion of diversity and inclusion and supports the Board evaluation process.

The terms of reference for the Committee have been agreed by the Board and are available online at [www.airpartner.com](http://www.airpartner.com). 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 62. Although not Committee members, the Chief Executive Officer and Chief Financial Officer are invited from time to time to attend meetings of the Committee:

- Ed Warner (Chair, appointed 1 April 2019)
- Amanda Wills
- Richard Jackson (passed away 26 March 2020)
- Paul Dollman (appointed 1 May 2019)
- Shaun Smith (stood down 26 June 2019)

When proposing appointments of Directors, the Committee considers the independence, skills, knowledge and experience that a candidate possesses compared to the skillsets 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

During the year the Committee recommended the appointment of Ed Warner as Chair of the Board and Paul Dollman as Chair of the Audit and Risk Committee. The process followed by the Committee for these appointments started with an initial review of the job descriptions and assessment of any skills gaps and requirements of the Board. Role specifications were agreed by the Committee and external search consultants Ridgeway Partners carried out a robust search process. Candidates were carefully considered and the Committee made its recommendations to the Board for the appointments. There was no other connection between the Company and the external search consultancy firm noted as being used for the appointments.

### Board composition post year end

Following the passing away of Richard Jackson, the Committee considered the composition of the Board and its Committees, as well as the position of Senior Independent Director. In the context of the ongoing COVID-19 crisis and associated uncertainty, a recommendation was made to the Board not to appoint a replacement Non-executive Director in the short term and that Amanda Wills be appointed as Senior Independent Director with effect from 21 May 2020. The Board approved this recommendation.

### Succession planning

Succession planning for the Chief Executive Officer and Chief Financial Officer was considered by the Committee during the year. In addition, more robust processes were introduced to assess talent and succession to Band 3 (senior leadership). As with external recruitment, developing the diversity and inclusiveness of the Group's Executive Team is a consideration in all promotions and appointments. The processes identified high potential talent, of which 45% were female.



**Board and Committee evaluation**

The performance and effectiveness of the Board is subject to an annual evaluation process which was reinvigorated during the year. The evaluation process was internally led with questionnaires drawn up for the Board and each of the Committees. The evaluation was focused on the Company purpose, strategy and value generation, budgeting and financial performance, risk and control and management and Board operation. Result summaries for the Board and each of the Committees were shared and recommended actions were openly discussed and challenged. The key actions were fed back into the annual Board agenda and policies and processes were updated as necessary.

The evaluation process concluded that the Board maintained focus on the Group's strategy and that the Chair showed effective leadership and encouraged healthy debate of issues. It also highlighted that there were healthy boardroom dynamics and an open Board culture, with Non-executive Directors challenging constructively; and that the Board uses its Committees effectively. Areas of focus for the future included deeper understanding of the Group's culture and re-iteration of purpose, the need for additional Board training and development, and maintaining focus on understanding stakeholders.

The Board and Committee questionnaires included an individual evaluation element both for the Chair of the Board and Chair of each of the Committees. The Chair of the Board and the Chair of the Audit and Risk

Committee were appointed during the year (1 April 2019 and 1 May 2019 respectively). In this context, the Company considered that an individual evaluation of their performance would be more appropriate and worthwhile once they have completed at least one year in service. At this point it is anticipated that individual evaluations of all Non-executive Directors will also be carried out. Executive Director performance evaluations are conducted annually in preparation for the review and approval of the annual remuneration packages.

Overall the collective view of the Directors is 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.

**Diversity and inclusion**

The Board is a team made up of people with a broad range of backgrounds. The Board believes that a diversity of experience and personal strengths is as important as diversity of gender and social and ethnic backgrounds. The Company's policy is to ensure that the best candidate is selected to join the Board; this policy will remain in place going forward. 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.

The Group's aim is to ensure that all employees and job applicants are

given equal opportunity and that the organisation is representative of all sections of society. Candidates are selected for employment, promotion, training, or any other benefit on the basis of their aptitude and ability regardless of age, gender, race, religion, sexual orientation or disability. People with disabilities are given full consideration for employment and subsequent training (including retraining, if needed, for people who have become disabled during their employment), career development and promotion on the basis of their aptitude and ability. All employees will be given help and encouragement to develop their full potential and utilise their unique talents. Therefore, the skills and resources of the Group will be fully utilised and maximising the efficiency of the whole workforce. All employees, no matter whether they are part time, full time, or temporary, will be treated fairly and with respect. This policy is adopted throughout the Group in relation to all recruitment and to succession planning, to support a diverse pipeline.

**Gender balance**

At the date of this report, female Directors comprise 40% of our Board. Female executives represent 22% of the Group Executive Team and 37% of the Group Executive Team's direct reports. Whilst specific diversity targets will not be published, diversity will be a key consideration in future appointments.



**Ed Warner**  
Chair

22 May 2020

**Evaluation process**

# Audit and Risk Committee report



**Paul Dollman**, Chair of the Audit and Risk Committee

I am pleased to present the Committee's report for the year ended 31 January 2020. 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.

I took over the role of Chair of the Audit and Risk Committee in June 2019 following Shaun Smith's departure. I would like to take this opportunity to formally thank Shaun for his outstanding dedication and efforts during his tenure.

## Role of the Audit and Risk Committee

The principal role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting, financial and internal controls, audit and risk.

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 and effectiveness;
- 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 on behalf of the Board.

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](http://www.airpartner.com).

## Fulfilling the role of the Audit and Risk Committee

In order to fulfil its role, the Committee has:

- held five scheduled meetings in the year to coincide with key dates within the financial reporting and audit cycle;
- received presentations and reports from the Executives and the Head of Risk and Assurance, the Chief Executive Officer and the Chief Financial Officer throughout the year, to gain an understanding of the risks facing the Group; and
- met privately with the external auditors after Committee meetings.

The attendance of Directors at the meetings of the Committee is set out on page 62.

## 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), who was replaced by Paul Dollman in June 2019
- Amanda Wills
- Richard Jackson

The Committee was therefore adequately resourced in accordance with its terms of reference.

During the early part of 2019 the Chair was Shaun Smith who, at the time, was also the Group Finance Director of a listed PLC. Shaun was replaced in June 2019 by Paul Dollman, who was Group Finance Director at John Menzies PLC, the holding company of Menzies Aviation, from 2002 to 2013.

The Board is satisfied that the Committee members have the appropriate level of expertise to fulfil the Committee's obligations, as set out in its terms of reference, and the competency relevant to aviation services.

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

## Significant issues addressed during the year and up to signing of the accounts

During the year, the Committee has reviewed risks identified in the Group's risk register and has required assurance reports in respect of some of the more material matters highlighted.

An area of focus for the Committee, and our internal audit resources, during the year has been to provide oversight and judgement on the effect of a prior year tax reassessment in France. The Committee took appropriate steps to understand the issue and considered expert legal advice.

### Significant issues addressed during the year and up to signing of the accounts *continued*

On that basis the Company made a best estimate provision of the potential liability in this year's accounts (see note 7). Management has provided a comprehensive response to the matters raised by the tax authorities. Final resolution of this matter is not expected for some time.

The Committee has continued to focus on improvements in the overall control environment following the accounting issues reported by the Board in April 2018 and announced to the London Stock Exchange in June 2018. The Committee has played an active role in monitoring the implementation of new and improved controls that were identified at the time. There has been a strong focus on improving the conduct and culture in the organisation, and reinforcing our entity level controls, through the refresh and launch of Air Partner's vision and values.

Furthermore, a process has been introduced by the Company, with the Committee's input, to monitor and consider all internal control recommendations irrespective of the source and report progress in improving them. This is encouraging a culture of continuous improvement in the organisation, part of the Air Partner vision and values of 'Care deeply' and 'Take responsibility'.

A major piece of activity during 2019 was the review and monitoring of the acquisition process of Redline Worldwide Limited (Redline) funded via bank debt. The Audit and Risk Committee Chair challenged the assumptions of the business case, financial modelling, cash flow covenants and due diligence findings on behalf of the Board. The business now forms a major part of the Company's Safety & Security division and the Board will monitor the integration plans during 2020.

In more recent times, a significant task for the Committee has been to consider the impact on the Group of the COVID-19 pandemic in relation

to going concern and the viability statement. The Committee has reviewed management's papers and financial models to understand liquidity, current trading, future projections and the impact on bank covenant test. Refer to pages 43 to 44 for the Going Concern and Viability Statement. It is uncertain what the longer-term impact of COVID-19 will be on the industry, operators and customers. Supporting the Board, the Committee will closely monitor the situation, ensuring the Company is able to react quickly to the changing market environment.

### Accounting judgements

The Committee has considered the following important matters and has taken into account, in all instances, the views of the Company's appointed external auditors.

#### Going concern basis for the financial statements

On behalf of the Board, the Committee reviewed management's assessment of going concern and viability, including reviewing the precautionary steps taken by management to obtain waivers of banking covenants. Refer to pages 43 to 44 for the Going Concern and Viability Statement.

#### Goodwill and other intangibles impairment

The Committee reviewed management's papers and financial models 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 except in the case of SafeSkys and the associated carrying value of goodwill. In this respect, an impairment charge of £1.9m has been recognised as exceptional and other items in the consolidated income statement; see note 13. This was as a result of future plans to exit air traffic control, a review of the progress made in developing a software application to

support Wildlife Hazard Management and the likely delay in commercialising this product. "On reassessing these key variables in the second half of the year, it was found necessary to impair the carrying value of the goodwill.

#### 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, that taken as a whole these were fair, balanced and understandable. Consideration was also given to the quality of earnings within underlying results. See note 7 to the financial statements.

#### The effect of a prior year tax reassessment in France

As detailed in the section above.

#### The acquisition of Redline

As detailed in the section above.

### Other areas of activity by the Committee

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

#### External audit

Following their appointment in October 2018, PricewaterhouseCoopers LLP (PwC) are now in their second year with Air Partner. As agreed in their terms of engagement, their appointment will be reviewed on an annual basis.

Audit effectiveness is assessed continually against using a number of measures including: reviewing the quality and scope of the proposed audit plan and progress against the plan; responsiveness to changes in the businesses; and monitoring the independence and transparency of the audit. A formal report received from PwC in respect of the audit

and matters arising from the Annual Report was discussed prior to the Board's approval of the financial statements. The Committee monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Committee's decision to recommend reappointment on an annual basis. The Auditor's Report can be found on pages 88 to 98.

#### **External auditors' independence and non-audit fees**

The Committee is aware of the need to safeguard the auditors' objectivity and independence and the issue is discussed annually by the Committee and periodically with the audit engagement partner from PwC. The Committee is responsible for the implementation and monitoring of the Group's non-audit services policy, which is designed to maintain the objectivity and safeguard the independence of the external auditor. This policy is reviewed annually and requires that approval of the Committee must be obtained before the external auditors are engaged to provide any permitted non-audit services. For permitted non-audit services that are clearly trivial, the Committee has pre-approved the use of the external auditors subject to set limits detailed in the policy. To preserve the objectivity, independence and effectiveness of the external auditors, they do not provide consulting services unless this is compliant with this policy, which reflects the EU Audit Reform Regulations and the FRC's Revised Ethical Standard 2016. During the year, there were no matters that required consideration under the Groups non-audit services policy.

The Committee has engaged with PwC throughout the year and considered their independence, with reference to the Group's non-audit services policy. The Committee is satisfied that PwC remain independent in fulfilling their role.

#### **Internal audit**

The Committee is responsible for setting the annual audit plan; the authority and effectiveness of the internal audit function is derived

from the Committee. During the period the Committee received progress reports on the execution of the plan and discussed the recommendations made with the Head of Risk and Assurance, who attends the Committee meetings. The Committee reviews the quality and scope of the audit plan and progress against the plan. The audit plan that was agreed in April 2019 was deferred until 2020 to allow a focus on the tax reassessment in France. An updated audit plan will be produced once the reduced working impacts of COVID-19 have been resolved.

The Head of Risk and Assurance has full and unrestricted access to all records, has independent access to the Chair and members of the Committee and has the authority to report significant findings or concerns to the Committee.

#### **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 including in particular serious matters of financial misconduct which could damage the performance or reputation of the Company. The effectiveness and application of the policy is considered by the Board.

#### **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.

In turn, the Committee assessed the fairness, balance and understandability of the Annual Report by considering:

- the accuracy, integrity and consistency of the messages conveyed in the report;
- the appropriateness of the level of detail in the narrative reporting;
- the key accounting judgements and the disclosures and estimation of uncertainties; and
- the explanations of the differences between statutory and underlying reported results.

Following the review, the Committee agreed that the Annual Report is representative of the year and presents a fair, balanced and understandable overview and provides the information necessary for shareholders to assess the Company's position, 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.

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. The Committee undertook an internal evaluation during the period, further details of which can be found in the Nomination Committee report on pages 63 and 64.

On behalf of the Audit and Risk Committee.



**Paul Dollman**

Chair of the Audit and Risk Committee

22 May 2020



## UK Corporate Governance Code

**M** The Board has put in place arrangements for both the external and internal audit activities to have a direct and unfettered line of reporting into the Audit and Risk Committee. Representatives from both internal and external audit are invited to attend Audit and Risk Committee meetings and also are able to meet with the Chair of the Committee as and when required. The Committee also meets privately with the external auditors where any concerns over the financial statements or associate narratives can be discussed and, if necessary, challenged.

**N** The Board is responsible for preparing fair, balanced and understandable financial information. The Strategic Report is set out on pages 1 to 49 inclusive and provides information about the performance of the Group, the business model, the strategy and the risks and uncertainties relating to the Group's business.

**O** 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 65 to 67 and in the principal risks and uncertainties on pages 32 to 42.

Assurance and 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 2020 and up to the date of approval of the Annual Report are as follows:

- The Group has a suite of policies that define the key business controls for business operations, IT, human resources and regulatory and statutory compliance.
- The key policies are monitored for their application and adherence.
- 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 Group Executive Team 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 Group Executive Team 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 assigning an owner to manage mitigation activities. A risk register is maintained by the Group Executive Team and reported to the Audit and Risk Committee.

- The risk register and the methodology applied is the subject of continuous review by the Group Executive Team 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 Group Executive Team to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on pages 32 to 42.

The Board confirms that it has complied with paragraph 57 of the FRC guidance on risk management, internal control and related financial and business reporting.

The effectiveness of the internal control systems and risk management processes are reviewed on a regular and ongoing basis by the Audit and Risk Committee (the Committee) acting on behalf of the Board. The review process covers the Group's principal risks, as well as financial, operational and compliance controls. The Committee reviewed the effectiveness as follows:

- considering risks identified in the Group's risks register, actions taken by management to manage those risks, and the Board's risk appetite in respect of each risk;
- requesting assurance reports in respect of some of the more material matters highlighted in the risk register;
- monitoring the implementation of new and improved controls following identification of weaknesses in the prior year; and
- monitoring the internal control recommendations process.

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. 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.

## Risk management and internal control

During the year, the Board was responsible for the Group's system of risk management and internal control, though reports are provided in the first instance to the Audit and Risk Committee by the external auditors, the Head of Risk and

# 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 2020.

Our Directors' remuneration policy was reviewed in 2019 and was approved by shareholders at the 2019 AGM with the support of 97.45% of votes cast. We were also pleased to receive a shareholder vote of 99.58% in favour of our 2019 report and we thank our shareholders for their support.

This Director's Remuneration Report focuses on providing information on remuneration and decisions taken in respect of the year ended 31 January 2020. We are facing unprecedented times with the COVID-19 pandemic, the full impact of which became apparent following the year end, and I have outlined the measures that we have implemented to remuneration in 2020/21 further below in this statement.

## 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 covert testers, 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 Executive Directors' remuneration, the Remuneration Committee considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures from Executive Directors 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 in 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) and Chief Financial Officer (CFO) in respect of performance against targets in respect of FY19;
- carrying out a focused review of the Directors' remuneration policy and consulting with major shareholders on changes proposed in advance of publication of the 2019 Annual Report;
- setting bonus targets for FY20 following the approval of the financial budget and including objectives and KPIs for the CEO and CFO;
- determining the salary of the CEO and CFO effective 1 August 2019;
- determining the extent to which the performance measures attached to the Long Term Incentive Plan awards were achieved for awards due to vest in 2019;
- determining the level and performance conditions to be attached to long-term incentive awards made to Executive Directors and senior executives during FY20;
- determining the fee for our new Chair;
- reviewing the Executive Directors' KPIs and their performance against them in relation to their remuneration;
- implementing the 2019 Directors' remuneration policy;
- conducting a group-wide review of policy on pay;
- oversight of the new Group organisational design;
- proposing the introduction of a Save as You Earn (SAYE) scheme;

## Directors' remuneration report *continued*

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

### Key remuneration activities during the year *continued*

- implementing an increase in the remuneration of the Non-executive Directors, as recommended by the Board; and
- reviewing the appointment of the remuneration adviser to the Committee.

Subsequent to the financial year end, the Remuneration Committee met to review the final outcome of the FY20 annual bonus scheme and the structure and targets of the annual bonus scheme and Long Term Incentive Plan (LTIP) for FY21.

### Context to the Committee decisions

As described earlier in this Annual Report, while there was good strategic progress made over the last 12 months, we were disappointed that we had to downgrade our forecast outlook for the year in early January 2020 and subsequently delivered £4.2m of underlying profit before tax, down on the previous year by £1.5m (2019: £5.8m).

Overall, the Charter division delivered £29.6m of gross profit for the financial year ending 31 January 2020, down 5.1% on the prior year (FY19: £31.2m). Although Private Jets had a strong year with growth of 12.2%, this could not offset negative performances in Group Charter and Freight.

The Safety & Security division had a strong performance with gross profit up 9.5% to £4.6m (FY19: £4.2m). Safety & Security now contributes 13.4% to the Group's gross profit (FY19: 11.9%).

One of the highlights in the year was the successful acquisition of Redline in December 2020, a highly complementary business to Baines Simmons. It is anticipated this acquisition will further increase Safety & Security's contribution to the Group profits (post COVID-19), which in turn will help to smooth the volatility in the earnings from the Charter side of the business. This is in line with Air Partner's stated strategy on pages 15 to 17.

### Remuneration decisions made and the implementation of the remuneration policy

The Committee recognises the importance of the retention of the Executive Directors in achieving the Group's strategy. The Committee benchmarked the Executive Directors' salaries against external comparators and the salary of our CEO was increased by 13.1% to £300,000 and the salary of our CFO was increased by 4.2% to £200,000 effective 1 August 2019.

The Company's performance in respect of underlying profit before tax was below the threshold required; therefore, no annual bonus was paid in relation to FY20 for the CEO and CFO.

In July 2019, the Company granted an award of 335,696 ordinary shares representing 100% of salary to the CEO and 182,278 ordinary shares representing 75% of salary to the CFO pursuant to the Company's 2012 LTIP scheme subject to the performance conditions detailed later in this report. In accordance with the new remuneration policy, these LTIP awards were subject to enhanced malus and clawback provisions and an additional two-year holding period. These awards are eligible for dividend equivalents to be paid in shares at the time that the award vests.

The awards granted to the CEO in June 2016 under the LTIP 2012 scheme vested in June 2019. This award was subject to EPS and TSR performance conditions covering the period 1 February 2016 to 31 January 2019. The performance conditions of this award were met, and the award partially vested in line with the formulaic outcome.

### Focus for FY21

As the focus on executive pay continues, the Committee remains mindful of the developing remuneration landscape. The Committee is satisfied that the remuneration continues to work effectively and supports the delivery of the Company strategy. We do not intend to make any material changes to the remuneration policy in FY21.

COVID-19 has created unprecedented challenges across the world. The full scale of its impact became clear post year end. The Company announced shareholder updates on 18 March and 1 April 2020. The steps the Company has taken in relation to overall Group remuneration have included all non-operational UK staff, including the Board, taking a temporary 20% pay reduction for at least three months, 32% of UK staff being placed on furlough leave, the Company has applied and utilised the government support available internationally, the Company has reviewed the UK company benefits and has suspended a number of voluntary benefits. The Company will continue to review and utilise the government support available.

Specifically, in relation to executive remuneration and in addition to the pay reductions referred to above:

- determination of the KPI and remuneration metrics for bonus and LTIP has been postponed and will be reviewed at the half year point;
- the annual salary review process will not take place in FY21; and
- there will be no bonuses paid in respect of FY20 performance even where personal objectives have been met.

At this point the proposed annual bonus targets for FY21 have not been determined. The Committee will decide on the level of the 2020 LTIP at a future meeting.

In last year's Annual Report and Accounts, I stated that the Company intended to develop an all employee share plan (SAYE). The SAYE was approved by shareholders in 2019 and is intended to be launched in the later part of FY21.

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

22 May 2020

# Directors' remuneration report *continued*

## Remuneration policy report

The Directors' remuneration policy was approved by shareholders at the 2019 AGM on 26 June 2019 and is effective until the 2022 AGM.

The Committee works hard to ensure that the remuneration policy and practices are clear and transparent and that the level of remuneration received is reflective of the overall business performance. The Committee believes that the structure of Executive Directors' and senior executives' reward should be aligned to the Group's strategy, purpose and values and as such a greater proportion of the package for senior leadership roles is therefore performance based pay through an 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 approved 2019 Directors' remuneration policy will be implemented in accordance with the policy table outlined below.

The table below summarises the main elements and performance metrics of the reward package for Executive Directors.

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



# Directors' remuneration report *continued*

## Remuneration policy report *continued*

Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
<b>Benefits in kind</b>				
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
<b>Relocation/expatriate assistance</b>				
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 and 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
<b>Annual bonus</b>				
Rewards and incentivises the achievement of annual financial objectives which are aligned with key strategic goals and supports the enhancement of shareholder value.	<p>Paid in cash following announcement of financial year results.</p> <p>Bonuses are non-pensionable.</p> <p>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.</p> <p>The Committee has overall discretion to adjust the extent to which bonuses are paid (in line with the 2018 UK Corporate Governance Code).</p>	<p>Maximum opportunity to achieve:</p> <ul style="list-style-type: none"> <li>CEO: 150% of base salary; and</li> <li>CFO: 100% of base salary.</li> </ul> <p>Bonus accrues from threshold levels of performance. At threshold only the KPI element of the bonus is payable.</p> <p>Maximum opportunity to be used in exceptional circumstances.</p>	<p>Both CEO and CFO bonus payment based on:</p> <ul style="list-style-type: none"> <li>personal objectives: 30% based on performance against key performance indicator (KPI) defined at the beginning of each financial year; and</li> <li>Company performance: 70% based on financial metrics.</li> </ul>	<p>Bonus is usually not paid to a good leaver should they leave before the payment date of said bonus.</p> <p>Arrangements are in place under which amounts paid out in bonus can be clawed back from Executive Directors in defined circumstances.</p>

Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for clawback or withholding of payment
<b>Long Term Incentive Plan (LTIP)</b>				
<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.</p> <p>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 the 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). The holding period is also applied post-employment for executives who leave after the performance period.</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"> <li>▶ CEO: 100%-150% of base salary; and</li> <li>▶ CFO: 75%-100% of base salary.</li> </ul> <p>Dividend equivalent amounts may be added to performance share awards in shares at the point of vesting.</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 or redundancy) to permit an award to vest before the end of the performance period.</p> <p>The LTIP scheme rules contain malus and clawback provisions under which amounts paid out can be recovered back from Executive Directors in defined circumstances.</p>
<b>All Employee Share Plan</b>				
Encourages 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 (SAYE) scheme, once approved, on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits.	N/A	None
<b>Shareholding guideline</b>				
<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"> <li>▶ CEO: 100% of salary; and</li> <li>▶ CFO: 50% of salary.</li> </ul> <p>Until the shareholding guideline has been achieved, executives must retain at least half of vested LTIP awards beyond those needing to be sold to pay tax.</p>	N/A	N/A	N/A

## Discretion

Annual bonus documentation and the LTIP 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.

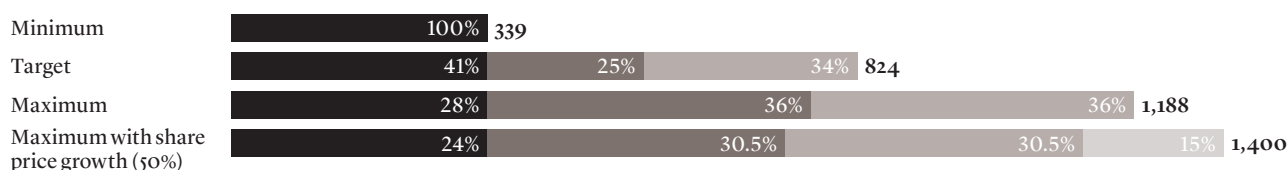
In all cases, the Committee is mindful of the remuneration policy which applies to the broader workforce and seeks to ensure that the underlying principles which form the basis for decisions on Executive Directors' and senior executives' pay are consistent with those on which pay decisions for the rest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

### Illustration of the remuneration policy

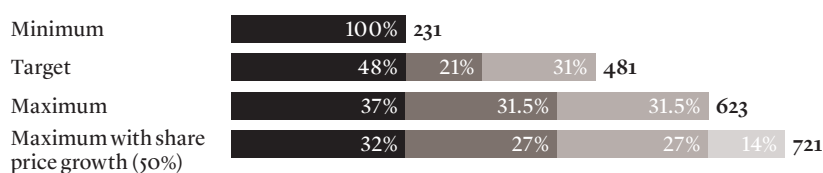
Three scenarios of Executive Directors' remuneration based on differing performance: minimum (fixed pay, pension and benefits), on target (fixed remuneration plus annual performance-related pay, paying out at target levels, and LTIP at 100% for CEO and 75% for CFO) and maximum (fixed remuneration plus 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

## Remuneration policy table – Non-executive Directors' fees

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 fee policy is:</p> <ul style="list-style-type: none"> <li>• to pay a basic fee for membership of the Board; and</li> <li>• 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.</li> </ul> <p>Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board. The Company's current maximum fees are as follows:</p> <ul style="list-style-type: none"> <li>• basic fee – £35,000;</li> <li>• additional fee for Board Chair – £45,000;</li> <li>• additional fee for Committee Chair – £5,000; and</li> <li>• additional fee for Senior Independent Director – £5,000.</li> </ul>

### 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 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.

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.

Details of the letters of appointment of the Non-executive Directors at 31 January 2020 are set out below:

Non-executive Director	Date of appointment or reappointment	Term	Unexpired term at 31 January 2020	Notice period
Ed Warner	1 April 2019	3 years	2 years, 2 months	3 months
Paul Dollman	1 May 2019	3 years	2 years, 3 months	3 months
Richard Jackson <sup>2</sup>	7 September 2019	3 years	2 years, 8 months	3 months
Shaun Smith <sup>1</sup>	20 April 2016	3 years	—	3 months
Amanda Wills	20 April 2019	3 years	2 years, 3 months	3 months

1. Shaun Smith stood down on 26 June 2019 following the AGM.

2. Richard Jackson passed away in March 2020.

## 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 make 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)

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)

Richard Jackson

Shaun Smith (stood down on 26 June 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/investors](http://airpartner.com/investors).

## External advisers

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 £18,500 on a time spent basis were payable to h2glenfern during the year. The advice and recommendations of the external advisers are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisers attend Committee meetings occasionally, as and when required by the Committee.

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

## Directors' remuneration for the year ended 31 January 2020 (audited)

The following table provides details of the Directors' remuneration for the year ended 31 January 2020, together with their remuneration for the year ended 31 January 2019:

	Salary		Taxable benefits		Bonus		Gain on vesting of share options		Pension		Total	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Executive Directors</b>												
Mark Briffa <sup>5</sup>	283	263	20	20	—	—	335	492	36	30	674	805
Joanne Estell <sup>4</sup>	196	75	13	4	—	—	—	—	22	8	231	87
<b>Non-executive Directors</b>												
Ed Warner <sup>1</sup>	71	—	—	—	—	—	—	—	—	—	71	—
Paul Dollman <sup>2</sup>	30	—	—	—	—	—	—	—	—	—	30	—
Richard Jackson	43	43	—	—	—	—	—	—	—	—	43	43
Shaun Smith <sup>3</sup>	15	35	—	—	—	—	—	—	—	—	15	35
Amanda Wills	39	35	—	—	—	—	—	—	—	—	39	35
<b>Total</b>	<b>677</b>	<b>451</b>	<b>33</b>	<b>24</b>	<b>—</b>	<b>—</b>	<b>335</b>	<b>492</b>	<b>58</b>	<b>38</b>	<b>1,103</b>	<b>1,005</b>

1. Ed Warner joined the Board on 1 April 2019.

2. Paul Dollman joined the Board on 1 May 2019.

3. Shaun Smith stepped down on 26 June 2019.

4. Due to an administrative error, Joanne Estell was overpaid £3,479 in pension contributions. This is not reflected in the above figure and to deal with this overpayment the full amount of £3,479 is being paid back in 2020.

5. For Mark Briffa's remuneration set out in the column 'Gain on vesting of share options', no value was attributable to share price appreciation.

The Committee recognises the importance of the retention of the Executive Directors in achieving the Group's strategy. The Committee benchmarked the Executive Directors' salaries against external comparators and the salary of our CEO was increased by 13.1% to £300,000 and the salary for our CFO was increased by 4.2% to £200,000 effective 1 August 2019.

## Pension

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.

## 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 2020 was £5.8m.

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 2020.

	Profit before tax (70%)				KPI (30%)	% payable
	Threshold	Target	Stretch	Actual		
Mark Briffa	5.8	6.1	6.7	4.2	See table below	—
Joanne Estell	5.8	6.1	6.7	4.2	See table below	—

Profit is before income tax, exceptional and other items.

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

Strategic pillar	Weighting	Measures	Achievement
<b>Profitable growth</b>	70%	Achieve underlying PBT of £6.1m	Not achieved – PBT of £4.2m achieved
		Achieve cash conversion – target 85%. Measured by cash generated from operations less investment activities (excluding acquisitions) divided by operating profit	Achieved
		Earnings per share – target CPI + 5% pa based on 2019	Not achieved – earnings per share excluding exceptional and other items was 6.4p versus 9.6p in FY19
		Evolution of the Group strategy and measurement of the relevant KPI metrics	Achieved
		Putting our customers first	
<b>Transformational success</b>	30%	• Net promoter score of 80%	Achieved – Net promoter score of 89%; prior year 86%
		• Feefo Gold standard	Feefo Platinum standard achieved in Baines Simmons
		Broadening our offer	Achieved – Redline Assured Security successfully acquired in December 2019
		Organic growth within our core business	Achieved – new offices opened in Houston (February), Singapore (February) and Dubai (November)
		Developing and retaining our people	Achieved
		Maintaining and enhancing brand identity	Achieved

## Annual bonus (audited) *continued*

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

Strategic pillar	Weighting	Measures	Achievement
<b>Profitable growth</b>	70%	Deliver PBT of £6.1m	Not achieved – PBT of £4.2m achieved
		Achieve cash conversion – target 85%. Measured by cash generated from operations less investment activities (excluding acquisitions) divided by operating profit	Achieved
		Earnings per share – target CPI + 5% pa based on 2018/19	Not achieved – earnings per share excluding exceptional and other items was 6.4p versus 9.6p in FY19
		Improve capital expenditure controls	Achieved
<b>Customer and brand</b>	10%	Refresh management accounts	Achieved
<b>People</b>	10%	Review finance team structure	Partly achieved
<b>Operational improvement</b>	10%	Support the roll-out of D365 and the booking tool	Partly achieved
		Continue to close out actions from the accounting review	Achieved

## Payments to former Directors (audited information)

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

## Payments for loss of office (audited information)

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

## Long Term Incentive Plan (LTIP) (audited)

Details of unvested share awards outstanding at the financial year end are shown in the following tables:

Share options (audited)		Number of options						Award			
Name	Date of grant	31 January 2019	Granted	Exercised	Expired	Lapsed	31 January 2020	Size (% salary)	Exercise price	Earliest date of exercise	Expiry date
Mark Briffa	29 June 2016	552,080	—	463,747 <sup>1</sup>	—	88,333	—	150	0.0p	29 June 2019	29 June 2026
	10 July 2017	173,611	—	—	—	—	173,611	75	0.0p	10 July 2020	10 July 2027
	23 July 2018	177,273	—	—	—	177,273 <sup>2</sup>	—	83	0.0p	23 July 2021	23 July 2028
	11 July 2019	—	335,696	—	—	—	335,696	100	0.0p	11 July 2022	11 July 2029
Total		902,964	335,696	463,747	—	265,606	509,307				

1. The EPS stretch was achieved and 100% of this element vested. The TSR was between target and stretch and 51.9% of this element vested resulting in an overall vest rate of 84%.

2. The 2018 options were cancelled on 31 January 2020. This tranche of options was issued before the accounting review in 2018. The Remuneration Committee has reviewed the performance criteria associated with this tranche and deemed it highly unlikely these options are likely to vest. Accordingly, they were cancelled, freeing up headroom for future awards.

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

Share options (audited)

Name	Date of grant	Number of options					31 January 2020	Award			
		31 January 2019	Granted	Exercised	Expired	Lapsed		Size (% salary)	Exercise price	Earliest date of exercise	Expiry date
Joanne Estell	11 July 2019	182,278	—	—	—	—	182,278	75	0.0p	11 July 2022	11 July 2029
<b>Total</b>		182,278	—	—	—	—	182,278				

The following performance conditions are attached to the LTIP awards:

Performance measure	Weighting	Performance	Vesting rate	2016	2017 restated	2018 <sup>1</sup>	2019
EPS	2/3rds	Threshold	25%	CPI +5%	CPI +7.5%	CPI +7.5%	CPI +6%
		Stretch	100%	CPI +10%	CPI +12.5%	CPI +12.5%	CPI +12%
TSR	1/3rd	Threshold	25%	9% pa	9% pa	9% pa	9% pa
		Stretch	100%	16% pa	16% pa	16% pa	16% pa

1. The 2018 LTIP was cancelled on 31 January 2020. This tranche of options was issued before the accounting review in 2018. The Remuneration Committee has reviewed the performance criteria associated with this tranche and deemed it highly unlikely these options are likely to vest. Accordingly, they were cancelled freeing up headroom for future awards.

For intermediate performance between threshold and stretch, vesting will occur on a straight-line basis. There is no vesting for any performance measure where the outcome is below threshold.

## Share options

None of the Executive Directors hold any unexpired share options.

## 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 January 2020	31 January 2019
Mark Briffa <sup>1</sup>	822,130	538,102
Joanne Estell <sup>2</sup>	11,363	—
Ed Warner	125,000	—
Paul Dollman	44,000	—
Richard Jackson	12,500	12,500
Shaun Smith	11,635	11,635
Amanda Wills	5,265	—

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

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

## CEO pay history

The table below sets out the details for the Director undertaking the role of Chief Executive Officer:

Year ending	CEO single figure of total remuneration £'000	Annual bonus pay-out against maximum %	Vesting rates against maximum opportunity %
2020	674	—	84.0
2019	805	—	100.0
2018	691	64.3	65.5
2017	652	50.1	—
2016	570	73.9	—
2015	271	—	66.7
2014 – 18 months	656	92.8	—
2012	249	16.8	—
2011	369	100.0	—



**Directors' remuneration report** *continued*Annual report on remuneration *continued***Percentage change in CEO's remuneration**

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 2020, on an annualised basis, and 31 January 2019.

All UK employees employed by the Group in both January 2019 and January 2020 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	7.6	—	—
Average pay based on all of the Group's UK employees	5.6	12.3 <sup>1</sup>	—

1. There has been no significant change in the benefits offered in 2019. In a relatively small population, people opting in or out of benefits can have a significant impact on the overall spend.

**Pay ratios**

The government recently introduced legislation requiring all quoted companies with more than 250 UK employees to publish the ratio of the Chief Executive Officer's single figure to the average total remuneration of full-time equivalent employees. The table below sets out the ratio of the Chief Executive Officer's pay to the 25th percentile, median and 75th percentile total remuneration of full-time equivalent employees.

Year	Method	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile
2020	A	31:1	21:1	13:1

The Committee has opted to use Option A for calculating the pay ratio, in line with best practice guidance. The total average pay and benefits for the individuals used in the calculations above are as follows:

Year	Method	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile
2020	Total pay	21,559	32,133	50,272

The employee data is at 31 January 2020. Employees are our greatest asset and we ensure that they are fairly remunerated for their contribution to the success of the Group.

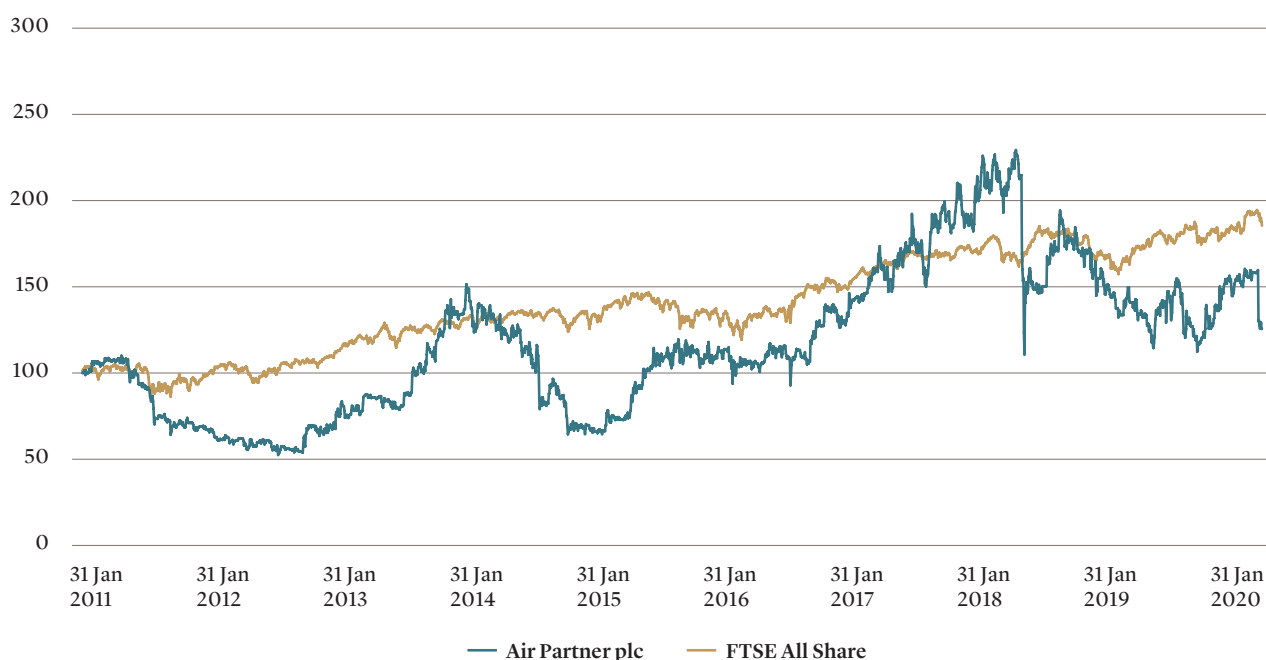
**Relative importance of spend on pay**

	2020	2019	% variance
Total employee pay compared to prior period (£m)	<b>23,030</b>	20,415	13%
Profit before tax (£m)	<b>936</b>	3,369	-72%
Total dividends paid and declared (pence)	<b>1.8</b>	5.60	-68%

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

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).

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.

## Shareholder voting

At the 2019 AGM, the results of the votes on the Directors' Remuneration Report were:

	Number of votes	% of votes cast
For (including discretionary)	12,841,470	99.58
Against	54,527	0.42
Votes withheld	28,139	—

At the 2019 AGM, the results of the votes on the Directors' remuneration policy were:

	Number of votes	% of votes cast
For (including discretionary)	12,566,645	97.45
Against	329,352	2.55
Votes withheld	28,139	—

We consulted with major shareholders on the proposed remuneration policy changes in April 2019 and reflected comments made in the policy proposed.

## Remuneration in 2020/21

COVID-19 has created unprecedented challenges across the world. The full scale of its impact became clear post year end.

The Company has taken significant and appropriate steps on executive remuneration in light of these circumstances and of broader actions taken.

Specifically in relation to executive remuneration and in addition to the pay reductions referred to above:

- the Executive and Non-executive Directors have taken a temporary 20% pay reduction for at least three months commencing 23 March 2020 alongside all non-operational UK staff;
- determination of the KPI and remuneration metrics for bonus and LTIP has been postponed and will be reviewed at the half year point;
- the annual salary review process will not take place in 2020/21; and
- there will be no executive bonuses paid in respect of 2019/20 performance even where personal objectives have been met.

The Remuneration Committee will continue to monitor the situation and take necessary action. The Remuneration Committee will consider setting targets for both Group financial performance and personal objectives under the annual bonus plan at mid-year when there should be a clearer picture on the impact of COVID-19. As in previous years, the performance measures and weightings for both the CEO and CFO will be 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 2020 LTIP awards at the point of award and disclose them in the announcement at that point and in next year's Annual Report.

The employee share plan (SAYE) is intended to be launched in the later part of 2020/21.

The Directors' Remuneration Report was approved by the Board on 22 May 2020 and is signed on its behalf by:



**Amanda Wills**

Chair of the Remuneration Committee

22 May 2020

### UK Corporate Governance Code

- P** The Committee believes that the structure of Executive Directors' and senior executives' reward should be aligned to the Group's strategy, purpose and values and as such a greater proportion of the package for senior leadership roles is 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 Committee believes the remuneration policy operated as intended in respect of 2019/20 in terms of company performance and quantum. In early 2019/20, the Committee engaged with major shareholders in respect of its 2019 remuneration policy and made changes in response to shareholders' views. The Committee did not engage with employees in respect of executive remuneration during 2019/20.
- Q** 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 to make 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.
- R** Annual bonus documentation and the LTIP scheme rules contain provisions to give the Committee the ability to apply discretion to adjust formulaic outcomes in line with the Code but always within the limits as determined by the new policy. Any use of discretion would be explained clearly in the Remuneration Report.

## Directors' report

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 2020.

The Strategic Report is a requirement of the Companies Act 2006 and can be found on pages 1 to 49. The Company has chosen to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. The Strategic Report and the Directors' Report form the management report as required by Rule 4.1.5R of the Disclosure Guidance and Transparency Rules. Other information that is relevant to the Directors' Report, and is incorporated by reference, can be found as follows:

Disclosure	Location
General information	Page 107
Likely future developments and post balance sheet events	Strategic Report on pages 1 to 49
Directors' dividend recommendation	Chair's Statement on page 7
Employment of disabled persons	Page 64
Employee engagement	Corporate Governance Report on pages 52 to 55
Stakeholder engagement	Corporate Governance Report on pages 52 to 55
Corporate Governance Statement	Corporate Governance Report on page 50
Directors during year ended 31 January 2020	Corporate Governance Report on pages 58 and 59
Directors' Responsibilities Statement	Statement of Directors' Responsibilities on page 86
Disclosure of information to auditors	Statement of Directors' Responsibilities on page 86
Financial instruments	Page 136
Share capital disclosures	Share capital note on pages 146 and 147

### Listing Rules disclosure

Information required by the Financial Conduct Authority's Listing Rules can be found as set out below:

Listing Rule	Location
9.8.6(5)(6) UK Corporate Governance Code compliance	Corporate Governance Report on page 50
9.8.6(7) Unexpired term of service contract	Remuneration Report on page 75

### Directors and Directors' interests

The names of the Directors of the Company including biographical details of the Directors and changes to directorships during the reporting period are shown on page 59. Details of Directors' interests in the shares of the Company are shown on page 79.

Information on those Directors who will be offering themselves for election by shareholders at the 2020 AGM are included in the Notice of Meeting on pages 155 to 167 and in the biographical details on page 59. This information is incorporated into this report by reference.

### Conflicts of interest

During the year the Group's conflicts of interest policy was refreshed and training was rolled out within the Group. The Directors completed an annual review of their conflicts. 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 Directors 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.

### Directors' indemnities and insurance

During the financial year the Company has made qualifying third-party indemnity provisions for the benefit of its Directors that remain in force at the date of approval of the financial statements. 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.



### 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](http://www.airpartner.com).

### Substantial shareholdings

As at 20 May 2020, 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	% holding	Nature of holding
Schroders Investment Management	7,324,919	13.69	Indirect
Aberforth Partners	6,386,030	11.93	Indirect
Hargreaves Lansdown Asset Management	6,288,873	11.75	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

A resolution to revoke the restriction on the authorised share capital of the Company was passed at 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 1p each issued and fully paid at 31 January 2020 was 53,525,293. 1,307,728 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 2.5% of the Company's issued share capital as at 31 January 2020. 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. Resolutions to renew the authorities given to Directors to allot shares, to disapply certain pre-emption rights and to make market purchases of the Company's own shares, all subject to appropriate limits, will be put to the 2020 AGM to replace the authorities granted in 2019.

An Employee Benefit Trust (the Trust) holds ordinary shares in the Company in order to satisfy options under the Group's share option schemes. At 31 January 2020, the number of ordinary shares held by the Trust was 69,928. Shares in which the Trust holds the beneficial interest may not be voted upon and the entitlement to receive dividends is waived. A further 90,910 shares are held by the Trust in a nominee capacity for a beneficiary of the Trust. The Trust must act on any voting instructions received from the underlying beneficial owner of any shares held by the Trust in a nominee capacity. Dividends are payable in respect of shares held by the Trust in a nominee capacity.

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, France and Singapore.

### Greenhouse gas emissions

	2020 Global tonnes of CO <sub>2</sub> e	2019 Global tonnes of CO <sub>2</sub> e
Vehicles	154	106
Electricity	429	396
Total	583	502

We have reported on all of the emission sources required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The reporting boundary used for collation of the above data is consistent with that used for consolidation purposes in the financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to

fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014 to calculate the above disclosures.

Given the Group's operations, CO<sub>2</sub>e emissions are restricted to office use and the operation of a relatively small number of vehicles. The 2019 vehicle emissions shows a restated figure as the prior year figure was incorrectly calculated. 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 (2019: £nil).

#### Directors' statements

As required under the Companies Act 2006, the Code and the Disclosure and Transparency Rules (DTRs), various statements have been made by the Board as set out on pages 50 to 81 and are incorporated into this report by reference.

PricewaterhouseCoopers LLP have conducted the audit of the Group's financial statements for the financial year to 31 January 2020.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. In accordance with Section 489 of the Companies Act 2006, a resolution to reappoint PricewaterhouseCoopers LLP as the statutory auditors will be proposed at the 2020 AGM.

#### Annual General Meeting

The 2020 AGM will be held at 13.00 on Wednesday 15 July 2020 at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 OPA. The Notice of AGM to shareholders can be found on pages 155 to 167 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 will be available to download from the Investors section on the Company's website, [www.airpartner.com](http://www.airpartner.com).

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 Notice of AGM is available to download from the Investors section on the Company's website. Proxy cards for the 2020 AGM will not be sent to shareholders unless specifically requested.

#### Corporate governance

The Company's Statement on Corporate Governance can be found in the Corporate Governance Report on page 50 of these financial statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

The Directors' Report was approved by the Board on 22 May 2020 and is signed by order of the Board by:



**Judith Banks**  
General Counsel and  
Company Secretary

22 May 2020

# 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, 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 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 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 responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

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 position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in on pages 58 and 59, confirm that, to the best of their knowledge:

- the 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 Company;
- the Group 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

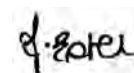
- the Directors' Report, or where otherwise indicated the Strategic Report or other parts of the Annual Report, includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties 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.



**Mark Briffa**  
Chief Executive Officer



**Joanne Estell**  
Chief Financial Officer

22 May 2020

# Financial statements and shareholder information

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## Independent auditors' report

to the members of Air Partner plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, Air Partner plc's group financial statements and parent company financial statements (the "financial statements"):

- ▶ give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2020 and of the group's profit and the group's and the parent 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 parent 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, which comprise: the consolidated and company statements of financial position as at 31 January 2020; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company statement of cash flows, and 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 opinion

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 opinion.

#### Independence

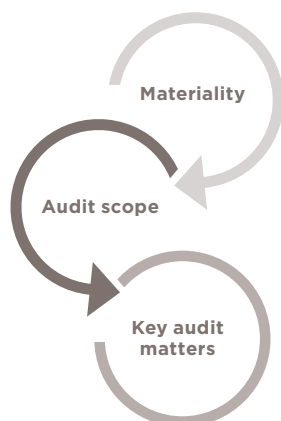
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 February 2019 to 31 January 2020.

## Report on the audit of the financial statements *continued*

### Our audit approach Overview



- ▶ Overall group materiality: £215,000 (2019: £290,000), based on 5% of profit before income tax and exceptional and other items.
- ▶ Overall parent company materiality: £190,000 (2019: £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 onerous contracts within SafeSkys Limited; and the French tax investigation within Air Partner International S.A.S, to ensure that we achieved required levels of audit coverage. Overall, these audit procedures provided coverage of 78% of consolidated revenue, 82% of consolidated profit before income tax and exceptional and other items on absolute basis, and 82% of consolidated profit before income tax on absolute basis. Of the four full scope audits, three audits were performed by the group engagement team based in the UK. For one entity, Air Partner International GmbH, a separate PwC component audit team based in Germany performed the audit under instruction from the group team.
- ▶ Additionally, the group engagement team performed audit work over tax balances, share based payments, business combinations, goodwill impairment and the group consolidation as these items are all controlled centrally.
- ▶ Impairment of SafeSkys Limited goodwill and intangible assets (Group)
- ▶ Classification of Exceptional and other items (Group)
- ▶ Accounting for the acquisition of Redline Worldwide Limited (Group)
- ▶ French tax investigation (Group)
- ▶ The impact of COVID-19 on the financial statements (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 and tax legislation applicable to the significant components, and we considered the extent to which non-compliance might have a material effect on the financial statements, 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 Listing Rules, tax legislation and 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 overstatement of profit before income tax and exceptional and other items, principally by posting inappropriate journal entries or exercising bias in accounting estimates to increase revenue, reduce expenditure, or misstate exceptional and other items. 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 judgements and estimates in particular in relation to items classified as Exceptional and other income, Goodwill impairment assumptions and the impact of COVID-19 on Going concern (see key audit matters below);
- ▶ Assessment of matters reported on the group's whistleblowing helpline and the results of management's investigation of such matters;

**Independent auditors' report** *continued*

to the members of Air Partner plc

**Report on the audit of the financial statements** *continued***Our audit approach** *continued***Capability of the audit in detecting irregularities, including fraud** *continued*

- Evaluating and testing journal entries which may be indicative of fraud, for example any journal entries posted with unusual account combinations, journals posted by senior management, and unexpected consolidation journals; and
- Review of disclosures included in the financial statements to ensure key judgements and estimates are presented in a way that is fair, balanced and understandable.

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*****Impairment of SafeSkys Limited goodwill and intangible assets (Group)***

The Group's consolidated statement of financial position as at 31 January 2020 includes goodwill and other intangible assets relating to the acquisition of SafeSkys Limited of £1,775k (£3,660k prior to impairment).

The carrying value of goodwill and other intangible assets is supported by the present value of future cash flows generated by the related business. There is an inherent risk that actual future cash flows may not meet management's expectations, resulting in a further impairment in the value of these intangible assets.

The cash flow forecasts which support the impairment review performed by the group include a number of significant estimates including future revenue growth, profit margins, the terminal growth rate, and the discount rate. Changes in these assumptions could have a material impact on the discounted future cash flows and therefore represent a risk that the level of impairment recorded against the SafeSkys goodwill and intangible asset balance is misstated.

During the year, after consideration of management's impairment testing of SafeSkys Limited, the Directors booked an impairment to goodwill of £1,885k.

Further information is set out in notes 2v) and 13 in the financial statements.

**How our audit addressed the key audit matter**

We obtained management's impairment model and performed the following procedures:

- evaluated the reasonableness of key assumptions, including future changes in revenues, costs and cash flows, terminal growth rates and the discount rate. Our work was supported by our valuations experts to assess the discount rate used by management in the impairment workings;
- challenged management to substantiate key assumptions, including a 'look-back' analysis to compare management's assumptions in prior year budgets with current year actuals performance;
- verified the underlying drivers for the impairment to Goodwill in the year.
- tested the mathematical accuracy of management's impairment model and supporting calculations;
- obtained and evaluated management's sensitivity analyses to evaluate the financial impact of changes in key assumptions.

As a result of our work performed, we determined that the carrying value of goodwill and intangible assets in respect of SafeSkys Limited were appropriately impaired by £1,885k in the year.

We read the disclosures made in note 13 to the financial statements, including sensitivity analysis and the associated sources of estimation uncertainty disclosed within note 2v, and found these disclosures to be appropriate.

## 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><b><i>Classification of Exceptional and other items (Group)</i></b></p> <p>The Directors believe that underlying profit before tax and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These alternative performance measures are disclosed prominently in various sections of the annual report.</p> <p>The Directors define underlying profit as profit before income tax and exceptional and other items.</p> <p>There is a risk that costs incurred by the Group are inappropriately classified as Exceptional and other items in order to increase the perceived performance of the Group, or that items of income or other gains received in the year which should be classified as Exceptional and other items are excluded and reported within underlying profit.</p> <p>During the year, the Directors classified £3,296k as Exceptional and other items.</p> <p>Further information is set out in notes 2u), 2v) and 7.</p>	<p>We obtained management's detailed analysis of Exceptional and other items and performed the following procedures:</p> <ul style="list-style-type: none"> <li>▶ tested a sample of items classified as exceptional and other items back to supporting documents to ensure that these were accurately recorded;</li> <li>▶ evaluated the nature of the items tested to ensure that these were appropriately classified as Exceptional and other items by reference to management's definition of underlying profit and established regulatory guidance on the reporting of alternative performance measures;</li> </ul> <p>We evaluated the nature of items of income and other gains received in the year that had not been reported within exceptional and other items to assess whether these should be included within underlying profit.</p> <p>We specifically challenged management to ensure that exceptional gains and losses were treated consistently, and that items were treated in a consistent manner from one year to the next.</p> <p>We read the disclosures in notes 2u), 2v) and 7 to the financial statements to ensure these provided clear and sufficient guidance to enable the user of the financial statements to understand the nature and magnitude of the items included within Exceptional and other items, and why management have excluded these items from underlying profit. We found these to be appropriate.</p>



**Independent auditors' report** *continued*

to the members of Air Partner 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><b>Accounting for the acquisition of Redline Worldwide Limited (Group)</b></p> <p>During the year, the Group acquired the Redline Worldwide Limited group "Redline Group", resulting in £7,500k of intangible assets being recorded on the Group statement of financial position.</p>	<p>We read the sale and purchase agreement ("SPA") associated with the acquisition of the Redline Group and performed audit procedures over both the identification of assets acquired (including the completeness of intangible assets identified) and the valuation of assets acquired and liabilities assumed.</p>
<p>Accounting for acquisitions can be complex, with judgement required in both the identification of assets acquired (including any intangible assets), and the valuation of those assets and liabilities acquired, in accordance with IFRS 3 'Business Combinations'. Specifically IFRS 3 requires intangible assets must be recognised on an acquisition where these arise from contractual or legal rights acquired and are separable from the business.</p>	<p>Our work over the valuation of intangible assets included the following procedures:</p>
<p>The calculation of fair value of assets and liabilities can be subjective due to the inherent uncertainty involved in the valuation, and this requires the application of judgement by management and technical expertise.</p>	<ul style="list-style-type: none"> <li>▶ assessed the appropriateness of the valuation models used for each class of intangible asset;</li> <li>▶ tested the mathematical accuracy of management's valuation model;</li> <li>▶ evaluated the discount rate used in the models with the support of our valuation specialists;</li> <li>▶ assessed future cash flow forecasts used in the valuations for each of intangible assets acquired by reference to management budgets, historical performance and matters identified in the due diligence performed over the acquisition;</li> <li>▶ evaluated the useful lives attributed to each of the categories of intangible assets by reference to our understanding of the nature of the assets and the period over which future economic value is expected to be derived from these assets.</li> </ul>
<p>In particular, the method of valuation, the future forecasts (including cash flow forecasts) and other underlying assumptions used in valuations may all have a material impact on the valuation of assets and liabilities, notably on the valuation of intangible assets, which represents the most significant value of assets arising on the acquisition.</p>	<p>From our review and assessment of the SPA, and audit procedures performed over the valuation of assets acquired and liabilities assumed, we found that the judgments made surrounding the identification of assets and liabilities acquired were appropriate, and that the valuation models used, and the judgments and estimates made surrounding the valuation of assets and liabilities acquired to be reasonable.</p>
<p>Due to the complex nature of acquisition accounting, there is a risk that intangible assets acquired may incorrectly or inaccurately be recognised resulting in the risk of material misstatement in these balances.</p>	<p>We assessed the disclosures made in respect of the acquisition against the requirements of the relevant accounting standards and found that these were appropriate.</p>

Further information is set out in notes 2v) and 32.

## 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><b>French tax investigation (Group)</b></p> <p>During the year, Air Partner International S.A.S was subject to a tax reassessment in relation to indirect taxes and corporate taxes, resulting in the French Tax Administration challenging some treatments, and issuing a demand for additional payment and fines in respect of previous years.</p> <p>Evaluating the financial impact of matters of this nature is inherently uncertain and as such management have applied significant judgement in determining the likely outcome of the investigation and estimating the associated provision for any future payments that may be due.</p> <p>The Directors have made a provision of £283,000 based on their evaluation of matters identified by the French Tax Administration. Management have received external advice from their own experts in responding to the reassessment and in evaluating the financial impact this has on the financial statements.</p> <p>Given the magnitude of the reassessment the judgements made by management are material to the financial statements.</p> <p>Further information is set out in notes 2 and 7.</p>	<p>We obtained and read the tax reassessment issued by the French Tax Administration, the company's response it has issued to the French Tax Administration, and all other relevant correspondence between the company, the French Tax Administration and the company's external experts. With the support of our tax specialists in the UK and France we evaluated the nature of the matters identified in the reassessment and considered management's assessment, in light of our own evaluation, including our interpretation of French tax regulations and other relevant precedent.</p> <p>We held discussions with management, their external experts and our UK and French tax specialists to challenge management's evaluation of the reassessment. We also obtained a confirmation from management's external experts of their assessment of each of the items identified by the French Tax Administration, including their opinion on the likely outcome for each of these matters. We evaluated the confirmation with the support of our UK and French tax specialists.</p> <p>We performed detailed testing over a sample of underlying transactions recorded within the business to validate that the nature of these transactions was consistent with the tax analysis used to support management's response to the French Tax Administration.</p> <p>From our detailed testing performed and our review and evaluation of the reassessment, management's formal response, the confirmation from management's experts and other related correspondence we found that management's assessment of the financial impact of the reassessment, including the provision recorded in the financial statements, was reasonable.</p> <p>We read the disclosures made in the financial statements in respect of the tax reassessment and found these were appropriate.</p>

**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><b><i>Consideration on the impact of COVID-19 (Group and company)</i></b></p> <p>The Directors have assessed the impact of COVID-19 on the financial statements, and have concluded that COVID-19 represents a non- adjusting post balance sheet event in accordance with IAS 10 – ‘Events After the Reporting Period’. This is on the basis that the full macroeconomic impact of the pandemic was not apparent until after the balance date, particularly in the Group’s most significant markets in the UK, US and mainland Europe. The assessment of whether or not COVID-19 is an adjusting or non-adjusting event involves management exercising judgement.</p> <p>COVID-19 has created significant economic uncertainty and this increases this risk over the Directors use of the Going concern basis of preparation. The Directors assessment of Going concern is supported by estimates over future trading performance and associated cash flows through to 31 January 2022, and COVID-19 has resulted in greater uncertainty in estimating future revenues, profits and cash flows.</p> <p>Further information is set out in notes 2c), 2v) and 39.</p>	<p>We considered the Directors’ assessment that the impact of COVID-19 is not an adjusting post balance sheet event by reference to the wider understanding of the impact of COVID-19 on economies in the Group’s key markets at 31 January 2020, and based on our evaluation we found the directors assessment to be reasonable.</p> <p>We obtained the directors going concern assessment and, with the support of our own internal experts, performed the following procedures:</p> <ul style="list-style-type: none"> <li>▶ tested the mathematical accuracy of the cash flow forecast model and other supporting documents;</li> <li>▶ assessed the reasonableness of key assumptions supporting the cash flow forecasts including revenue and cost projections, mitigating cost actions identified by the directors, and other assumptions over Government support schemes in the Group’s key territories;</li> <li>▶ evaluated forecast revenues by reference to current and historical performance, sensitised to reflect a variety of different downside scenarios as a consequence of the potential future impact of COVID-19 on the Group’s different markets;</li> <li>▶ assessed the impact of financial obligations arising from existing contractual relationships to ensure that these were appropriate reflected in the cash flow forecasts;</li> <li>▶ read and evaluated the Group’s existing facility agreements to ensure that there were no conditions precedent that would result in the facilities being withdrawn within a 12 month period of the approval of the financial statements, and read confirmation from the Group’s lenders of the formal waiver of financial covenants in periods where there was a risk of a potential breach of covenants.</li> </ul> <p>Based on the procedures performed we found that the directors use of the going concern basis in the preparation of the financial statements is reasonable.</p> <p>We read the disclosures made in the financial statements in respect of the impact of COVID-19 on the financial statements, and the specific disclosures in respect of Going concern in light of the heightened risk as a result of COVID-19 and found these to be appropriate.</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 parent company, the accounting processes and controls, and the industry in which they operate.

The Group consists of fifteen trading companies, of which four of these are considered to be significant components of the Group. These are Air Partner plc and Baines Simmons Limited in the UK; Air Partner Inc. in the USA; and Air Partner International GmbH in Germany. We have performed full-scope audits for each of these components and each of them are 100%-owned subsidiaries of the Group. For Air Partner International GmbH, a separate PwC component audit team based in Germany performed the audit under instruction from the group team. For Air Partner plc, Baines Simmons Limited and Air Partner Inc., the audits were performed by the Group engagement team based in the UK.

Finally, we have performed specified procedures over onerous contracts within the UK entity SafeSkys Limited, and the French tax investigation within Air Partner International S.A.S.

#### 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
<b>Overall materiality</b>	£215,000 (2019: £290,000).	£190,000 (2019: £226,000).
<b>How we determined it</b>	5% of profit before income tax and exceptional and other items.	5% of profit before income tax and exceptional and other items.
<b>Rationale for benchmark applied</b>	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 it is a generally accepted auditing benchmark to base materiality on key alternative performance measures.	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 to base materiality on key alternative performance measures.

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 between £163,000 and £190,000. 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 £10,750 (Group audit) (2019: £14,500) and £9,500 (Parent company audit) (2019: £11,300) 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 parent 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 parent company's ability to continue as a going concern.
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 Partner 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).

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#### **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 2020 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 parent 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)

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#### **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 (on pages 50 to 86) 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 parent 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 (on pages 50 to 86) with respect to the parent 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 parent company. (CA06)

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## 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 51 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 43 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 parent 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 86, 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 parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company obtained in the course of performing our audit.
- ▶ The section of the Annual Report on page 65 to 68 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 parent 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 86, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

## Independent auditors' report *continued*

to the members of Air Partner 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](http://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 parent 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.

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#### Other required reporting

##### Companies Act 2006 exception reporting

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

- ▶ we have not received all the information and explanations we require for our audit; or
- ▶ adequate accounting records have not been kept by the parent company, or 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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##### 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. The period of total uninterrupted engagement is 2 years, covering the years ended 31 January 2019 to 31 January 2020.



##### Matthew Hall (Senior Statutory Auditor)

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

22 May 2020

## Consolidated income statement

for the year ended 31 January 2020

	Note	Year ended 31 January 2020 £'000	Year ended 31 January 2019 £'000
<b>Continuing operations</b>			
Gross transaction value (GTV)	2	236,816	273,348
<b>Revenue</b>	3	66,664	77,461
<b>Gross profit</b>	4	34,158	35,458
Administrative expenses before exceptional and other items		(29,180)	(29,039)
Exceptional and other items	7	(3,296)	(2,445)
<b>Total administrative expenses</b>		(32,476)	(31,484)
Net impairment losses on financial assets		(205)	(413)
<b>Operating profit</b>	5	1,477	3,561
Operating profit before exceptional and other items		4,773	6,006
Finance income	9	71	32
Finance costs	9	(612)	(224)
Finance costs – net		(541)	(192)
<b>Profit before income tax</b>		936	3,369
Profit before income tax and exceptional and other items		4,232	5,814
Income tax expense	10	(633)	(484)
<b>Profit for the year</b>		303	2,885
<b>Attributable to:</b>			
Owners of the parent company		303	2,885
<b>Earnings per share:</b>			
<b>Continuing operations</b>			
Basic	12	0.6p	5.6p
Diluted	12	0.6p	5.4p

## Consolidated statement of comprehensive income

for the year ended 31 January 2020

	Note	Year ended 31 January 2020 £'000	Year ended 31 January 2019 £'000
<b>Profit for the year</b>		303	2,885
<b>Other comprehensive (expense)/income – items that may subsequently be reclassified to profit or loss:</b>			
Adoption of IFRS 16	38	(167)	—
Exchange differences on translation of foreign operations		(403)	26
<b>Total other comprehensive (expense)/income</b>		(570)	26
<b>Total comprehensive (expense)/income for the year</b>		(267)	2,911
<b>Attributable to:</b>			
Owners of the parent company		(267)	2,911

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 2020

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Opening equity as at 1 February 2018 (as restated)</b>	522	4,814	295	(748)	1,038	5,487	<b>11,408</b>
Profit for the year	—	—	—	—	—	2,885	<b>2,885</b>
Exchange differences on translation of foreign operations	—	—	—	—	26	—	<b>26</b>
<b>Total comprehensive income for the year</b>	—	—	—	—	26	2,885	<b>2,911</b>
<b>Transactions with owners of the Company:</b>							
Share option charge in the year	—	—	—	—	—	252	<b>252</b>
Share options exercised during the year	—	—	—	422	—	(422)	<b>—</b>
Dividends paid (note 11)	—	—	—	—	—	(2,890)	<b>(2,890)</b>
<b>Total transactions with owners of the Company</b>	—	—	—	422	—	(3,060)	<b>(2,638)</b>
<b>Closing equity as at 31 January 2019</b>	522	4,814	295	(326)	1,064	5,312	<b>11,681</b>
	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Opening equity as at 1 February 2019</b>	522	4,814	295	(326)	1,064	5,312	<b>11,681</b>
Adoption of IFRS 16 <sup>1</sup>	—	—	—	—	—	(167)	<b>(167)</b>
Profit for the year	—	—	—	—	—	303	<b>303</b>
Exchange differences on translation of foreign operations	—	—	—	—	(403)	—	<b>(403)</b>
<b>Total comprehensive expense for the year</b>	—	—	—	—	(403)	136	<b>(267)</b>
<b>Transactions with owners of the Company:</b>							
Issue of shares	13	1,081	—	—	—	(435)	<b>659</b>
Share option charge for the year	—	—	—	—	—	59	<b>59</b>
Share options exercised during the year	—	—	—	168	—	(146)	<b>22</b>
Dividends paid (note 11)	—	—	—	—	—	(2,961)	<b>(2,961)</b>
<b>Transactions with owners of the Company</b>	13	1,081	—	168	—	(3,483)	<b>(2,221)</b>
<b>Closing equity as at 31 January 2020</b>	535	5,895	295	(158)	661	1,965	<b>9,193</b>

1 Please refer to note 38 – Changes in accounting policy, for further details about the adoption of IFRS 16.

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 2020

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

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Retained earnings £'000	Total equity £'000
<b>Opening equity as at 1 February 2019</b>	522	4,814	295	(326)	6,917	<b>12,222</b>
Adoption of IFRS 16 <sup>1</sup>	—	—	—	—	(51)	<b>(51)</b>
Profit for the year	—	—	—	—	1,974	<b>1,974</b>
<b>Total comprehensive income for the year</b>	—	—	—	—	1,923	<b>1,923</b>
<b>Transactions with owners of the Company:</b>						
Issue of shares	13	1,081	—	—	(435)	<b>659</b>
Share option charge for the year	—	—	—	—	59	<b>59</b>
Share options exercised during the year	—	—	—	168	(146)	<b>22</b>
Dividends paid (note 11)	—	—	—	—	(2,961)	<b>(2,961)</b>
<b>Transactions with owners of the Company</b>	13	1,081	—	168	(3,483)	<b>(2,221)</b>
<b>Closing equity as at 31 January 2020</b>	535	5,895	295	(158)	5,357	<b>11,924</b>

<sup>1</sup> Please refer to note 38 – Changes in accounting policy, for further details about the adoption of IFRS 16.

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 2020

	Note	31 January 2020 £'000	31 January 2019 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	13	8,641	6,750
Other intangible assets	14	11,872	4,882
Property, plant and equipment	15	7,698	855
Deferred tax assets	26	284	365
<b>Total non-current assets</b>		<b>28,495</b>	12,852
<b>Current assets</b>			
Trade and other receivables	17	18,801	19,062
Current tax assets		318	313
JetCard bank balances		16,742	17,692
Other cash and cash equivalents		4,633	7,462
Total cash and cash equivalents	18	21,375	25,154
<b>Total current assets</b>		<b>40,494</b>	44,529
<b>Total assets</b>		<b>68,989</b>	57,381
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(5,669)	(8,044)
Current tax liabilities		(627)	(593)
Other liabilities	20	(5,014)	(3,736)
Deferred income and JetCard deposits		(24,658)	(25,412)
Derivative financial instruments	24	(39)	(8)
Lease liabilities	21	(5,448)	—
Deferred consideration	22	(1,318)	(800)
Provisions	23	(469)	(689)
<b>Total current liabilities</b>		<b>(43,242)</b>	(39,282)
<b>Net current (liabilities)/assets</b>		<b>(2,748)</b>	5,247
<b>Non-current liabilities</b>			
Borrowings	18	(11,500)	(5,500)
Lease liabilities	21	(1,860)	—
Deferred consideration	22	(982)	—
Deferred tax liability	26	(1,819)	(700)
Provisions	23	(393)	(218)
<b>Total non-current liabilities</b>		<b>(16,554)</b>	(6,418)
<b>Total liabilities</b>		<b>(59,796)</b>	(45,700)
<b>Net assets</b>		<b>9,193</b>	11,681

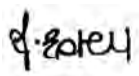
## Consolidated statement of financial position *continued*

	Note	31 January 2020 £'000	31 January 2019 £'000
<b>EQUITY</b>			
Share capital	28	535	522
Share premium account	29	5,895	4,814
Merger reserve	30	295	295
Own shares reserve	31	(158)	(326)
Translation reserve		661	1,064
Retained earnings		1,965	5,312
<b>Total equity</b>		<b>9,193</b>	<b>11,681</b>

These financial statements on pages 99 to 154 were approved and authorised for issue by the Board of Directors on 22 May 2020 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 2020

	Note	31 January 2020 £'000	31 January 2019 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	1,095	956
Property, plant and equipment	15	1,452	450
Investments	16	22,215	12,173
Deferred tax assets	26	—	60
<b>Total non-current assets</b>		<b>24,762</b>	<b>13,639</b>
<b>Current assets</b>			
<b>Trade and other receivables</b>	17	<b>12,505</b>	<b>17,131</b>
<b>Current tax assets</b>		<b>—</b>	<b>—</b>
<i>JetCard bank balances</i>		<b>11,717</b>	12,635
<i>Other cash and cash equivalents</i>		<b>411</b>	3,101
Total cash and cash equivalents	18	<b>12,128</b>	15,736
<b>Total current assets</b>		<b>24,633</b>	<b>32,867</b>
<b>Total assets</b>		<b>49,395</b>	<b>46,506</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(1,899)	(3,279)
Current tax liabilities		(290)	(171)
Other liabilities	20	(6,572)	(8,917)
Deferred income and JetCard deposits		(13,338)	(15,212)
Derivative financial instruments	24	(39)	(8)
Lease liabilities	21	(627)	—
Deferred consideration	22	(1,318)	(800)
Provisions	23	(24)	(277)
<b>Total current liabilities</b>		<b>(24,107)</b>	<b>(28,664)</b>
<b>Net current assets</b>		<b>526</b>	<b>4,203</b>
<b>Non-current liabilities</b>			
Borrowings	18	(11,500)	(5,500)
Lease liabilities	21	(644)	—
Deferred consideration	22	(982)	—
Deferred tax liability	26	(38)	—
Provisions	23	(200)	(120)
<b>Total non-current liabilities</b>		<b>(13,364)</b>	<b>(5,620)</b>
<b>Total liabilities</b>		<b>(37,471)</b>	<b>(34,284)</b>
<b>Net assets</b>		<b>11,924</b>	<b>12,222</b>

## Company statement of financial position *continued*

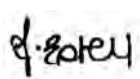
	Note	31 January 2020 £'000	31 January 2019 £'000
<b>EQUITY</b>			
Share capital	28	535	522
Share premium account	29	5,895	4,814
Merger reserve	30	295	295
Own shares reserve	31	(158)	(326)
Retained earnings		5,357	6,917
<b>Total equity</b>		<b>11,924</b>	<b>12,222</b>

The parent company profit after tax for the financial year was £1,974,000 (2019: £5,100,000).

These financial statements on pages 99 to 154 were approved and authorised for issue by the Board of Directors on 22 May 2020 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 2020

	Note	Group		Company	
		Year ended 31 January 2020 £'000	Year ended 31 January 2019 £'000	Year ended 31 January 2020 £'000	Year ended 31 January 2019 £'000
<b>Cash generated from operations</b>	33	<b>9,109</b>	3,097	<b>4,529</b>	9,202
- Interest received		71	32	3	—
- Interest paid		(578)	(224)	(328)	(224)
<b>Income tax paid</b>		<b>(898)</b>	(996)	<b>(434)</b>	(414)
<b>Net cash inflow from operating activities</b>		<b>7,704</b>	1,909	<b>3,770</b>	8,564
<b>Investing activities</b>					
- Purchases of property, plant and equipment	15	(549)	(136)	(143)	(85)
- Purchases of intangible assets	14	(376)	(351)	(354)	(329)
- Acquisition of subsidiaries	32	(7,446)	—	(8,868)	—
<b>Net cash used in investing activities</b>		<b>(8,371)</b>	(487)	<b>(9,365)</b>	(414)
<b>Financing activities</b>					
- Dividends paid to the Company's shareholders		(2,961)	(2,890)	(2,961)	(2,890)
- Proceeds on exercise of share options		22	—	22	—
- Repayment of finance lease liabilities		(5,414)	—	(667)	—
- Increase in borrowings		6,000	3,000	6,000	3,000
<b>Net cash (used in)/generated from financing activities</b>		<b>(2,353)</b>	110	<b>2,394</b>	110
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,020)</b>	1,532	<b>(3,201)</b>	8,260
Opening cash and cash equivalents		25,154	23,193	15,736	7,486
Effect of changes in foreign exchange rates		(759)	429	(407)	(10)
<b>Closing cash and cash equivalents</b>		<b>21,375</b>	25,154	<b>12,128</b>	15,736

## JetCard cash

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

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total JetCard cash (see explanation below)	16,742	17,692	11,717	12,635
Non-JetCard cash	4,633	7,462	411	3,101
<b>Cash and cash equivalents</b>	<b>21,375</b>	25,154	<b>12,128</b>	15,736

JetCard cash is included in the cash flow as it does not meet the IFRS definition of restricted cash. 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 statements of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

for the year ended 31 January 2020

## 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 (England) under registration number 00980675. The address of the registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 49.

## 2 Accounting policies

### a) Basis of preparation of financial statements

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

The consolidated financial statements and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted for use in the European Union in accordance with EU law (IAS Regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements 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.

The Company's UK subsidiaries listed below are exempt from the requirements to audit their accounts under section 479A of the Companies Act 2006:

- Air Partner Aviation Services Limited, company number 03874833
- Air Partner Consulting Limited, company number 02070950
- Aviation Compliance Limited, company number 06545827
- Clockwork Research Limited, company number 05477740
- Redline Worldwide Limited, company number 09510974

Under section 479A of the Companies Act 2006, Air Partner plc, being the parent undertaking these entities, has given a statutory guarantee of all the outstanding liabilities to which the companies are subject to as at 31 January 2020.

### Adoption of new and revised standards

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

- IFRS 16 Leases;
- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards "2015 – 2017" Cycle;
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
- Interpretation 23 Uncertainty over Income Tax Treatments.

The Group has had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 February 2019. This is disclosed in note 38 – Changes in accounting policy. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### 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.

Effective after 31 January 2020	Effective for accounting periods beginning on or after	Endorsed by the EU
<b>New standards</b>		
IFRS 17 Insurance Contracts	1 January 2021	No

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**2 Accounting policies** *continued***a) Basis of preparation of financial statements** *continued***New standards, amendments and interpretations in issue but not yet effective** *continued*

	Effective for accounting periods beginning on or after	Endorsed by the EU
<b>Amendments</b>		
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 17 is not applicable to the Group, as it does not issue insurance or investment contracts.

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 49. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 27 to 31. In addition, note 24 – Financial instruments 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.

COVID-19 has increased uncertainty surrounding the future trading environment for the Group. Whilst performance in the first quarter of FY21 has been very strong, supported by additional Group Charter activity of repatriation flights and freight, there remains uncertainty over the trading performance for the rest of the year. Accordingly, the Directors have undertaken a thorough assessment in evaluating Going Concern. This has been assessed by reference to cash forecasts through to May 2021, which reflect a cautious view of trading activity across our divisions, and further sensitivities have then been applied to reflect a slower recovery in underlying performance from the COVID-19 pandemic.

The Directors have also assessed banking covenants throughout this period and taken the precautionary step to obtain waivers of our banking covenants for the periods October 2020 through until April 2021. These waivers have been granted by our lenders. In all scenarios tested there are no reasonably foreseeable downside scenarios where the Group would not maintain sufficient liquidity.

The Directors have taken steps to equip the Group to deal with the economic impact of the COVID-19 pandemic. These include reviewing credit terms, cost cutting measures and utilising government support for staff costs where appropriate. The Directors believe the steps detailed above and the strong cash position at the end of April 2020 mean the Group is well placed to manage its business and meet its liabilities as they fall due. In reaching this conclusion, the Directors have taken into account the risks identified in the Principal Risks and Uncertainties on pages 32 to 42.

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.



## 2 Accounting policies *continued*

### d) Foreign currency

#### i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in GB Pounds (£), which is Air Partner plc's functional and presentation currency.

#### ii) 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.

#### iii) Translation of foreign operations in group consolidated financial statements

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.

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 the income statement 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;
- management intends to complete the asset and use or sell it;
- 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.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**2 Accounting policies** *continued***f) Intangible assets** *continued***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	over the life of the mandate
Customer contracts	over the life of the contract
Customer relationships	5%–33.3% per annum on a straight-line basis
Training materials	10% per annum on a straight-line basis
Software asset	20%–33.3% per annum on a straight-line basis
Right of use assets	over the life of the lease

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 need 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
Right of use assets	over the life of the lease

**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 the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, 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.

## 2 Accounting policies *continued*

### i) Financial instruments *continued*

#### Financial assets *continued*

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.

#### 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.

Provision for impairment of trade receivables has been made using an expected credit loss model in addition to any further specific provisions which are assessed on an individual receivable basis. Please refer to note 17 – Trade and other receivables for further details.

#### 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.

The Group holds cash deposits as part of its JetCard programme. These deposits can be utilised by the customer at any time. The full policy for the treatment of these balances is set out in note 2s – JetCard programme.

#### 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.

## **2 Accounting policies** *continued*

### **i) Financial instruments** *continued*

#### **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 amortised cost. Issue costs are amortised over the life of the loan.

#### **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 profit, being the difference between the amount invoiced to the customer and the third-party costs incurred, 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.

## 2 Accounting policies *continued*

### k) Revenue *continued*

The different revenue streams are listed below and the segments the revenue will be included in as shown in note 4 – Segmental analysis.

#### Aircraft chartering services – Group Charter, Private Jets and Freight

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 customer 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 – Group Charter

Air Partner Remarketing's (formerly Cabot Aviation Services Limited) principal activity is that of an aircraft remarketing broker. Fees earned in respect of these services are either recognised when legal title to the aircraft has passed to the customer or for termination of contract fees that the Group has a reasonable expectation to recover, based on work completed to date and the progress of the sale.

#### Aircraft inspection services – Safety & Security

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 – Safety & Security

Baines Simmons Limited, Redline Aviation Security 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 customers 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 – Segmental analysis.

### 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 benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to:

- the fair value of the option and grant date using an appropriate valuation model method;
- management's estimate of the likelihood that the non-market performance conditions will be achieved; and
- the impact of any non-vesting conditions (e.g. an employee leaving before the vesting period is finished).

The total expense is recognised over the vesting period in the income statement, which is the period over which all of the specified vesting conditions are to be satisfied. A credit is recorded within equity which corresponds to the income statement charge in each period. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

### 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.



## 2 Accounting policies *continued*

### **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**

Until 31 January 2019, leases were classified as finance leases whenever the terms of the lease transferred all, or substantially all, of the risks and rewards of ownership to the lessee. All other leases were classified as operating leases. Rental income or expenditure from operating leases was recognised on a straight line-basis over the lease term.

As explained in note 2a – Basis of preparation of the financial statements, above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described and the impact of the change is quantified in note 38 – Changes in accounting policy.

From 1 February 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (note 34 – Operating lease arrangements). Payments made under operating leases (net of any incentives received from the lessor) were charged to income statement on a straight-line basis over the period of the lease.

From 1 February 2019 the majority of leases of property, plant and equipment held by the Group as lessee, which had been classed as operating leases, were reclassified as finance leases. Finance leases were capitalised, at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of 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 and the payment is not yet contractually due, 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.

## 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.

Periodic reviews of the JetCard cash balances are performed to identify dormant or unutilised customer balances. A customer balance that has not had any activity within the last four years, be this usage (flights), cash top-up or refund, is followed up with the customer to understand the reason for the lack of activity. This follow-up would include seeking permission to return the funds and if this approval is not received after several attempts, and is fully evidenced and approved by the Head of Private Jets, the balance will then be recognised in the consolidated income statement. Full records of the historical balances are maintained and reconciled on a monthly basis.

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 customer 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, non-recurring income and movements in provisions that distort underlying trading;
- ▶ costs relating to strategy changes that are not considered normal operating costs of the underlying business;
- ▶ acquisition related items, including acquisition costs and subsequent adjustments to deferred or contingent considerations recognised in the income statement;
- ▶ 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.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**2 Accounting policies** *continued***v) Critical accounting judgements and sources of estimation uncertainty** *continued***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 – Segmental analysis, gives a comparison of gross transaction value and revenue by revenue stream.

**COVID-19 – post balance sheet event and going concern**

The global economic impact of the COVID-19 pandemic has been assessed by the Directors for its potential impact on balances held at the year-end date and on the going concern assessment.

The full macroeconomic impact of the pandemic was not apparent until after the balance date and the Directors have determined that it is not an adjusting post balance sheet event. The support for this decision is laid out in note 39 – Post balance sheet events.

The going concern assessment has accounted for the expected impact on trading over the coming year and steps management has taken to address this as detailed in note 39 – Post balance sheet events and note 2c – Going concern.

**Exceptional item classification**

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 exercise judgement over which costs are considered to be exceptional or other items and these are detailed in note 7 – Exceptional and other items. The Directors review all items included within this note to ensure they are in line with the policy set out in note 2u – Other non-GAAP measures. If these costs were not considered to be exceptional they would have a material impact on the underlying results of the Group.

**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.

**Weighted average cost of capital calculation**

The Group's weighted average cost of capital (WACC) is used as the discount rate in the calculating the present value of expected future cash flows in models for valuing intangible assets acquired on acquisition and impairment testing. WACC is reassessed at the end of each financial year.

The WACC is calculated as weighted average of the cost of equity and the cost of debt. The weighting is based on the market value of debt and equity at the balance sheet date. The cost of debt is based on the average rate on the Group's bank borrowing throughout the year. The cost of equity is based on market information supplied by the Group's brokers to assess expected risk and compared to similar listed companies on the market.

The Group has used a WACC of 8.65% (2019: 8.65%) for the current year. A decrease in WACC of 1% would have resulted in the following variances:

	Per accounts WACC of 8.65% £'000	WACC of 7.65% £'000	Variance £'000
Intangible assets recognised on acquisition of Redline Worldwide Limited (note 32)	7,500	7,700	200
Goodwill recognised on acquisition of Redline Worldwide Limited (note 32)	3,644	3,478	(166)
Impairment of goodwill in SafeSkys Limited (note 13)	1,885	1,550	(335)

**Acquisition accounting – customer relationships**

Details of the acquisition of Redline Worldwide Limited are included in note 32 – Acquisition of subsidiaries. As detailed above, the values are impacted by the WACC discount figure used in determining the net present value of the cash flows relating to the intangible used. Assumptions relating to the consideration payable on acquisition are detailed in the acquisition note and are not considered to be material.

Customer relationships rely on additional assumptions to determine the forecast return. Revenue from individual customers and the margin expected has been based on historical performance and forecast income as per the information supplied by Redline Worldwide Limited and reviewed by Grant Thornton as part of the due diligence work.

## 2 Accounting policies *continued*

### v) Critical accounting judgements and sources of estimation uncertainty *continued*

#### Acquisition accounting – customer relationships *continued*

The model then includes an annual reduction to forecast revenue for each customer each year for the probability that the customer will not be retained. The reduction is based on an annual probability and this compounds each year, reducing the potential uncertainty relating to more distant financial periods.

The probability for each customer is based on the length of the historical relationship, discussions with Redline management and due diligence undertaken by Grant Thornton. Increasing the loss probability for all customers by 5% would result in a reduction to the customer relationship asset of approximately £500,000 at the acquisition date with an offsetting increase in goodwill.

#### Impairment

Impairment calculations for goodwill and investments compare the values held at year end for each cash-generating unit (CGU) to the present value of discounted future cash flow. Cash flows are discounted at WACC (see prior page).

The cash flow includes assumptions for future performance. The models are driven by gross profit. Operating expenses and tax are based on historical information; gross profit is considered to be the only material source of uncertainty. The forecast revenue is based on historical performance, the forecast for the subsequent fiscal year and the underlying strategy for that CGU. Forecasts beyond the subsequent fiscal year are conservative and assume a growth rate in line with long term economic forecasts.

An impairment has been booked during the year in relation to SafeSkys Limited. Sensitivity analysis for the key assumptions is set out in note 13 – Goodwill.

#### Provision for outflows resulting from French tax investigation

Air Partner International S.A.S. has undergone a prior year tax reassessment principally in relation to indirect taxes following which the French Tax Administration has raised a challenge on some treatments and has issued a demand for additional payment and fines. Air Partner International S.A.S. challenged a number of these demands and is currently in communication with the French Tax Administration.

A provision of £283,000 was made at the financial mid-year based on the most recent communication with the French Tax Administration and external legal advice. The provision has been reassessed at year end and determined not to require adjusting. Air Partner International S.A.S. has now provided a comprehensive response to the French Tax Administration and is awaiting further communication.

The provision remains Management's best estimate of the reassessment liability based on a thorough examination of the points raised in the review and expert legal advice of tax matters in France. Whilst the absolute range of outcomes could be materially different from the provision, Management believes the chance of a material variance is negligible based on the most recent assessment.

Prior to the advent of COVID-19 it was expected the next stage of the inspection would be completed in summer 2020; however, this may now be delayed and final resolution of this matter is not expected for some time.

## 3 Revenue

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

	2020 £'000	2019 £'000
Sales of goods and services	66,664	77,461

No customer contributed more than 10% to the Group's revenue in 2020 or 2019.

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 customers' discretion.

Revenue recognised that was included in the contract liability balance at the beginning of the period was £11,997,000 (2019: £12,765,000).

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**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: Group Charter, Private Jets, Freight and Safety & Security. Air Partner Remarketing's (formerly Cabot Aviation Services Limited) results are aggregated into Group Charter. 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 reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

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

<b>Year ended 31 January 2020</b>	<b>Group Charter £'000</b>	<b>Private Jets £'000</b>	<b>Freight £'000</b>	<b>Safety &amp; Security £'000</b>	<b>Corporate costs £'000</b>	<b>Total £'000</b>
<b>Continuing operations</b>						
Gross transaction value	136,979	69,808	19,813	10,216	—	<b>236,816</b>
Revenue	26,434	25,233	4,781	10,216	—	<b>66,664</b>
Segmental gross profit	14,724	11,672	3,158	4,604	—	<b>34,158</b>
Administrative expenses and net impairment losses on financial assets	(11,598)	(9,104)	(2,921)	(3,703)	(2,059)	<b>(29,385)</b>
Depreciation and amortisation of non-acquired assets (included within administrative expenses) <sup>1</sup>	(1,168)	(253)	(68)	(137)	—	<b>(1,626)</b>
Operating profit before exceptional and other items	3,126	2,568	237	901	(2,059)	<b>4,773</b>
Exceptional and other items (see note 7)	(87)	34	—	(2,541)	(702)	<b>(3,296)</b>
Segment result	3,039	2,602	237	(1,640)	(2,761)	<b>1,477</b>
Finance income						<b>71</b>
Finance expense						<b>(612)</b>
Profit before income tax						<b>936</b>
Income tax expense						<b>(633)</b>
Profit for the year						<b>303</b>

1 Depreciation of £4.6m relating to right of use assets is included within gross profit.

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



#### 4 Segmental analysis *continued*

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 the 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 £936,000 (2019: £974,000) and right of use assets in Italy of £4,042,000 (2019: £nil).

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.

Continuing operations	UK £'000	Europe £'000	USA £'000	Rest of the world £'000	Total £'000
<b>Year ended 31 January 2020</b>					
Gross transactional value	89,322	97,534	49,197	763	<b>236,816</b>
Gross profit	17,427	8,732	7,826	173	<b>34,158</b>
Non-current assets (excluding deferred tax assets)	22,185	5,698	304	24	<b>28,211</b>
<b>Year ended 31 January 2019</b>					
Gross transactional value	103,146	109,357	60,097	748	<b>273,348</b>
Gross profit	17,426	9,915	8,067	50	<b>35,458</b>
Non-current assets (excluding deferred tax assets)	11,226	1,221	37	3	<b>12,487</b>

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
<b>Year ended 31 January 2020</b>					
Gross transactional value	26,206	24,599	23,489	23,240	<b>97,534</b>
Gross profit	1,994	4,091	1,416	1,231	<b>8,732</b>
<b>Year ended 31 January 2019</b>					
Gross transactional value	53,033	22,951	14,219	19,154	<b>109,357</b>
Gross profit	4,083	2,762	1,570	1,500	<b>9,915</b>

#### 5 Operating profit

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

Continuing operations	2020 £'000	2019 £'000
Net foreign exchange loss	<b>238</b>	34
Change in the fair value of derivative financial instruments	<b>31</b>	4
Depreciation of property, plant and equipment	<b>5,840</b>	464
Loss on disposal of property, plant and equipment	<b>—</b>	5
Amortisation of intangible fixed assets – acquired	<b>656</b>	376
Amortisation of intangible fixed assets – other	<b>334</b>	430
Impairment of trade receivables	<b>205</b>	413
Operating lease rentals – land and buildings	<b>213</b>	747
Operating lease rentals – other	<b>13</b>	354
Staff costs (see note 8)	<b>23,030</b>	20,415

Amortisation of intangible fixed assets – acquired, is included with exceptional and other items. Amortisation of intangible fixed assets – other, is included within administrative expenses before exceptional and other items.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**6 Auditors' remuneration**

	2020 £'000	2019 £'000
<b>The analysis of auditors' remuneration is as follows:</b>		
Fees payable to the Company's auditors and their associates for the audit of the parent company and consolidated annual financial statements	209	170
Fees payable to the Company's auditors and their associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside the UK)	95	60
<b>Total audit fees</b>	<b>304</b>	<b>230</b>
	2020 £'000	2019 £'000
<b>Fees payable to the auditors and their associates for other services to the Group:</b>		
Audit-related assurance services	40	—
Other non-audit services <sup>1</sup>	—	650
<b>Total non-audit fees</b>	<b>40</b>	<b>650</b>

1 Other non-audit services are in respect of fees in relation to the accounting review relating to accounting errors in the prior period.

**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.

	2020 £'000	2019 £'000
<b>Continuing operations</b>		
Changes in Board and operating board composition <sup>1</sup>	(195)	(396)
Costs relating to the accounting review and associated items <sup>2</sup>	—	(1,300)
Amortisation of purchased intangibles <sup>3</sup>	(656)	(376)
Acquisition costs <sup>4</sup>	(604)	—
Abortive acquisition costs <sup>5</sup>	—	(550)
Disposal of subsidiary <sup>6</sup>	(4)	—
Costs incurred and provision for outflows resulting from French tax investigation <sup>7</sup>	(657)	—
Impairment of goodwill <sup>8</sup>	(1,885)	—
Settlement of historical legal disputes <sup>9</sup>	389	—
Release of deferred consideration <sup>10</sup>	316	177
	<b>(3,296)</b>	<b>(2,445)</b>
Tax effect of other items <sup>11</sup>	233	322
<b>Exceptional and other items after taxation</b>	<b>(3,063)</b>	<b>(2,123)</b>

1 Changes in Board composition in the prior year relate to the unforeseen costs of changing the Group's Chief Financial Officer; the costs of 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. Following the accounting review in the prior year the Directors undertook an internal review of the Group Operating Board and determined that several roles were excess to requirements. The employees in these roles left during the year and have not been replaced. The level of Board changes and associated costs in both years were considered highly unusual and are not expected to recur in future periods.

2 The costs of the accounting review and associated expense relating to the accounting errors identified in prior years.

3 Please see note 14 – Other intangible assets for further detail regarding the amortisation of purchased intangibles.

4 The acquisition costs incurred in the year were in respect of the acquisition of Redline Worldwide Limited. Please see note 32 – Acquisition of subsidiaries for further details.

5 The abortive acquisition costs in the prior year primarily related to professional fees expensed in respect of potential acquisitions, which were abandoned due to the accounting review.

6 The Group disposed of Air Partner Nordic during the year. The expense relates to the costs incurred on winding up the company.

## 7 Exceptional and other items *continued*

- 7 A provision of £283,000 has been made in the period in respect of indirect tax charges for a prior year tax reassessment in France. The provision is based on Management's best estimate of the reassessment liability after taking expert legal advice. Final resolution of this matter is not expected for some time. Legal fees and expense directly attributable to the tax investigation of £374,000 have been incurred in the year in connection with this matter.
- 8 The impairment of goodwill is in relation to SafeSkys Limited. Please see Note 13 – Goodwill for further details.
- 9 The Group successfully closed two historical legal disputes in the year resulting in the receipt of cash settlements in both cases. The income recognised is net of associated legal expenses.
- 10 The release of deferred consideration is in relation to SafeSkys Limited, where a settlement was reached for less than the amount provided for in the prior year's financial statements. The release of the deferred consideration in the prior year is in respect of Clockwork Research Limited, where no further deferred consideration was payable.
- 11 A tax credit has been included in the current year in respect of the changes in Board composition, the amortisation of purchased intangibles, the UK elements of the winding-up of Air Partner Nordic, the settlement relating to the accounting review and the consolidation element of the provision for outflows in relation to the French investigation.

## 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:

Continuing operations	2020 Number	2019 Number
Operations	293	269
Administration	86	91
	<b>379</b>	<b>360</b>

The aggregate payroll costs comprised:

Continuing operations	2020 £'000	2019 as restated <sup>1</sup> £'000
Wages and salaries	19,722	16,863
Social security costs	2,519	2,780
Other pension costs	730	520
Share based payments	59	252
	<b>23,030</b>	<b>20,415</b>

- 1 £494,000 of costs were discovered to have been incorrectly allocated to social security costs instead of wages and salaries in the prior year. The figures have been corrected to provide more useful comparatives.

### Company

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

Continuing operations	2020 Number	2019 Number
Operations	72	65
Administration	43	43
	<b>115</b>	<b>108</b>

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**8 Staff costs** *continued***Company** *continued*

The aggregate payroll costs comprised:

	2020 £'000	2019 £'000
<b>Continuing operations</b>		
Wages and salaries	6,542	5,397
Social security costs	728	1,041
Other pension costs	328	251
Share based payments	59	252
	<b>7,657</b>	<b>6,941</b>

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 in the Director's Remuneration for the year ended 31 January 2020.

**9 Finance income and expense**

	2020 £'000	2019 £'000
<b>Continuing operations</b>		
<b>Finance income</b>		
Interest on bank deposits	71	32

	2020 £'000	2019 £'000
<b>Continuing operations</b>		
<b>Finance expense</b>		
Interest on loans and bank overdrafts	311	224
IFRS 16 discounting	301	—
<b>Total</b>	<b>612</b>	<b>224</b>

**10 Income tax expense**

	2020 £'000	2019 £'000
<b>Continuing operations</b>		
<b>Current tax:</b>		
UK corporation tax	620	665
Foreign tax	408	289
Current tax adjustments in respect of prior years (UK) <sup>1</sup>	(200)	(563)
Current tax adjustments in respect of prior years (overseas)	(208)	40
	620	431
<b>Deferred tax (see note 26)</b>	13	53
<b>Total tax</b>	<b>633</b>	<b>484</b>
<b>Of which:</b>		
Tax on underlying profit	866	806
Tax on other items (see note 7)	(233)	(322)
	<b>633</b>	<b>484</b>

1 The current tax adjustment in respect of the prior years in the UK for the prior year 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 – Basis of preparation of financial statements and accounting restatement, in the 2018 Annual Report and Financial Statements.

## 10 Income tax expense *continued*

Corporation tax in the UK was calculated at 19.0% (2019: 19.0%) 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:

	2020 £'000	2019 £'000
Profit from continuing operations before income tax expense	936	3,369
Income tax at the UK corporation tax rate of 19.0% (2019: 19.0%)	178	641
Effect of changes in tax rates	—	—
Tax effect of items that are not recognised in determining taxable profit	407	81
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(158)	57
Current tax adjustments in respect of prior years <sup>1</sup>	(408)	(657)
Deferred tax not recognised <sup>2</sup>	603	290
Options deductions	11	72
<b>Total income tax expense</b>	<b>633</b>	<b>484</b>

1 The current tax adjustment in respect of the prior years in the UK for the prior year 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 – Basis of preparation of financial statements and accounting restatement, in the 2018 Annual Report and Financial statements.

2 Deferred tax not recognised in the current year relates to tax losses carried forward in France and Italy that have not been recognised as deferred tax assets. Management has opted not to recognise these assets based on the expected economic impact of COVID-19 and therefore does not expect the losses to be usable in the foreseeable future. The assumption will be reassessed each year.

At the balance sheet date, a reduction to the UK corporation tax to 17.0% on 1 April 2020 had been substantively enacted on 16 October 2016. Deferred tax balances have been stated at this rate (see note 26 – Deferred tax). In the Spring Budget 2020, the government announced that from 1 April 2020 the corporation tax rate would remain at 19.0% (rather than reducing to 17.0%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19.0% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

## 11 Dividends

	2020 £'000	2019 £'000
<b>Amounts recognised as distributions to owners of the parent company</b>		
Final dividend for the year ended 31 January 2019 of 3.85 pence per share	2,011	—
Final dividend for the year ended 31 January 2018 of 3.80 pence per share	—	1,979
Interim dividend for the year ended 31 January 2020 of 1.80 pence per share	950	—
Interim dividend for the year ended 31 January 2019 of 1.75 pence per share	—	911
	<b>2,961</b>	<b>2,890</b>

Due to the issues faced by the aviation industry as a result of the COVID-19, the Board expects that it will not be in a position to make a recommendation on dividend payments until the crisis has passed, and a clearer outlook has emerged.

The Air Partner Employee Benefit Trust, which held 69,928 ordinary shares of 1 pence each at 31 January 2020 (2019: 146,883 ordinary shares of 1 pence each) representing 0.13% (2019: 0.28%) of the Company's issued share capital, is not entitled to receive dividends. A further 90,910 ordinary shares of 1 pence each (2019: 181,820 ordinary shares of 1 pence each) are also held by the Trust in a nominee capacity for one (2019: one) beneficiary of the Trust but dividends are received in respect of those shares.



**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**12 Earnings per share**

<b>Earnings per share</b>	<b>2020 Pence</b>	<b>2019 Pence</b>
<b>Continuing operations</b>		
Basic	<b>0.6</b>	5.6
Diluted	<b>0.6</b>	5.4

<b>Earnings per share</b>	<b>2020 Pence</b>	<b>2019 Pence</b>
<b>Excluding exceptional and other items</b>		
Basic	<b>6.4</b>	9.6
Diluted	<b>6.3</b>	9.4

<b>From continuing operations</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Earnings</b>		
Profit attributable to owners of the parent company	<b>303</b>	2,885
Adjustment to exclude exceptional and other items <sup>1</sup>	<b>3,063</b>	2,123
Underlying earnings for the calculation of basic and diluted earnings per share	<b>3,366</b>	5,008

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 – Exceptional and other items.

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

<b>Weighted average number of ordinary shares</b>	<b>2020 Number</b>	<b>2019 Number</b>
Issued and fully paid	<b>52,756,188</b>	52,217,565
Less those held by the Air Partner Employee Benefit Trust	<b>(85,952)</b>	(239,888)
Number for the calculation of basic earnings per share	<b>52,670,236</b>	51,977,677
Effect of dilutive potential ordinary shares: share options	<b>844,022</b>	1,399,368
Number for the calculation of diluted earnings per share	<b>53,514,258</b>	53,377,045

**13 Goodwill**

<b>Group</b>	<b>£'000</b>
<b>Cost</b>	
At 1 February 2018	<b>6,753</b>
Foreign currency adjustments	<b>(3)</b>
At 31 January 2019	<b>6,750</b>
Additions	<b>3,814</b>
Foreign currency adjustments	<b>(38)</b>
At 31 January 2020	<b>10,526</b>
<b>Provision for impairment</b>	
At 1 February 2018 and 31 January 2019	<b>—</b>
Charge for the year	<b>(1,885)</b>
At 31 January 2020	<b>(1,885)</b>
<b>Net book value</b>	
At 31 January 2020	<b>8,641</b>
At 31 January 2019	<b>6,750</b>
At 1 February 2018	<b>6,753</b>

### 13 Goodwill *continued*

The additions in the year related to the acquisition of Redline Worldwide Limited (see note 32 – Acquisition of subsidiaries) for £3,644,000. An adjustment of £170,000 for SafeSkys Limited was made during the year following finalising the settlement of the amount payable on acquisition.

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:

	2020 £'000	2019 £'000
Air Partner International S.A.S. <sup>1</sup>	936	974
Baines Simmons Limited	1,711	1,711
Cabot Aviation Services Limited	787	787
Clockwork Research Limited	396	396
Redline Worldwide Limited	3,644	—
SafeSkys Limited	3,052	2,882
	<b>10,526</b>	<b>6,750</b>

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 2021 budget and the five-year strategic plan. The impairment models will include sensitivity testing to ascertain whether a reasonable change in the underlying assumptions could indicate an impairment.

Management's annual impairment test identified an impairment in respect of SafeSkys Limited. No impairment was identified in respect of the following CGUs:

- ▶ Air Partner International S.A.S.;
- ▶ Baines Simmons Limited;
- ▶ Cabot Aviation Services Limited;
- ▶ Clockwork Research Ltd; and
- ▶ Redline Worldwide Limited.

As an impairment has been recorded against SafeSkys Limited, any further adverse change in assumptions would give rise to a further impairment in value. Sensitivity analysis is provided below. There is no reasonably foreseeable change in assumptions that would give rise to an impairment in value of the other goodwill balances.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**13 Goodwill** *continued***Impairment testing assumptions**

Based on the impairment testing of SafeSkys Limited, management identified a potential impairment as at 31 January 2020. The key assumptions used in the value in use calculation for SafeSkys Limited and all other CGUs were:

- sales: projected sales are built up in line with the strategic business plan;
- margins: reflect the anticipated margins within the strategic business plan;
- discount rate: an exercise has been undertaken to review the discount rate resulting in a 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:

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**

A further reduction on forecasted operating profit of 10% each year to account for non-renewal or cost creep in existing contracts.

**Sensitivity 2**

The discount rate has been increased by 4%. This adjustment is deemed to capture all environmental changes and reflect a tougher trading environment compared to the base case.

The following sensitivities have been provided in relation to SafeSkys Limited, being the only CGU where the Directors believe a reasonable change in assumptions could give rise to a further impairment in value.

Scenario	PV £'000	Goodwill and other intangible assets £'000	Impairment £'000
Base case	1,775	3,660	(1,885)
Sensitivity 1	1,598	3,660	(2,062)
Sensitivity 2	1,064	3,660	(2,596)

There have been several key changes to the assumptions in the current year's strategic plan compared to the previous year. The key change in assumption is the planned delay in the launch of the wildlife hazard management app due to revisions to the development plan following the acquisition of Redline Worldwide Limited. During the second half of year the Directors also took the decision to not further expand into the air traffic control market.

Based on the impairment testing performed the Directors have recognised an impairment of goodwill of £1,885,000.

## 14 Other intangible assets

Group	Brands £'000	Other mandates £'000	Customer relationships and customer contracts £'000	Training materials £'000	Software £'000	IFRS 16 right of use asset £'000	Total £'000
<b>Cost</b>							
At 1 February 2018	172	171	4,336	414	2,455	—	<b>7,548</b>
Additions	—	—	—	—	351	—	<b>351</b>
At 31 January 2019	172	171	4,336	414	2,806	—	<b>7,899</b>
Transition to IFRS 16	—	—	—	—	—	104	<b>104</b>
Additions	1	—	—	—	375	—	<b>376</b>
Arising on acquisition	—	—	6,100	—	1,400	—	<b>7,500</b>
Foreign currency adjustments	—	—	—	—	(1)	—	<b>(1)</b>
<b>At 31 January 2020</b>	<b>173</b>	<b>171</b>	<b>10,436</b>	<b>414</b>	<b>4,580</b>	<b>104</b>	<b>15,878</b>
<b>Accumulated amortisation and impairment</b>							
At 1 February 2018	40	171	510	103	1,387	—	<b>2,211</b>
Charge for the year	23	—	311	42	430	—	<b>806</b>
At 31 January 2019	63	171	821	145	1,817	—	<b>3,017</b>
Charge for the year	21	—	533	41	373	22	<b>990</b>
Foreign currency adjustments	—	—	—	—	(1)	—	<b>(1)</b>
At 31 January 2020	84	171	1,354	186	2,189	22	<b>4,006</b>
<b>Net book value</b>							
At 31 January 2020	89	—	9,082	228	2,391	82	<b>11,872</b>
At 31 January 2019	109	—	3,515	269	989	—	<b>4,882</b>
At 1 February 2018	132	—	3,826	311	1,068	—	<b>5,337</b>

Customer relationships have a remaining amortisation period of between 0.9 years and 16.5 years.

The intangible assets additions resulting from the acquisition of Redline Worldwide Limited are disclosed in note 32 – Acquisition of subsidiaries.

Company	Software £'000	IFRS 16 right of use asset £'000	Total £'000
<b>Cost</b>			
At 1 February 2018	2,416	—	<b>2,416</b>
Additions	329	—	<b>329</b>
At 31 January 2019	2,745	—	<b>2,745</b>
Transition to IFRS 16	—	104	<b>104</b>
Additions	354	—	<b>354</b>
At 31 January 2020	3,099	104	<b>3,203</b>
<b>Accumulated amortisation and impairment</b>			
At 1 February 2018	1,371	—	<b>1,371</b>
Charge for the year	418	—	<b>418</b>
At 31 January 2019	1,789	—	<b>1,789</b>
Charge for the year	297	22	<b>319</b>
At 31 January 2020	2,086	22	<b>2,108</b>
<b>Net book value</b>			
At 31 January 2020	1,013	82	<b>1,095</b>
At 31 January 2019	956	—	<b>956</b>
At 1 February 2018	1,045	—	<b>1,045</b>

Other intangible assets comprise software and assets acquired on acquisitions including training materials, customer relationships, mandates to remarket aircraft and brands. The intangible assets additions resulting from the acquisition of Redline Worldwide Limited are disclosed in note 32 – Acquisition of subsidiaries.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**15 Property, plant and equipment**

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	IFRS 16 right of use asset £'000	Total £'000
<b>Cost</b>					
At 1 February 2018	1,092	2,926	192	—	<b>4,210</b>
Additions	14	84	38	—	<b>136</b>
Transfers	61	(61)	—	—	<b>—</b>
Disposals	(1)	—	(60)	—	<b>(61)</b>
Foreign currency adjustments	1	(1)	—	—	<b>—</b>
At 31 January 2019	1,167	2,948	170	—	<b>4,285</b>
Transition to IFRS 16	—	—	—	11,375	<b>11,375</b>
Additions	15	328	206	188	<b>737</b>
Arising on acquisition	54	53	—	804	<b>911</b>
Disposals	(43)	—	—	—	<b>(43)</b>
Foreign currency adjustments	(6)	(27)	—	(379)	<b>(412)</b>
At 31 January 2020	1,187	3,302	376	11,988	<b>16,853</b>
<b>Accumulated depreciation and impairment</b>					
At 1 February 2018	579	2,412	31	—	<b>3,022</b>
Charge for the year	128	260	76	—	<b>464</b>
Transfers	61	(61)	—	—	<b>—</b>
Disposals	—	—	(56)	—	<b>(56)</b>
Foreign currency adjustments	1	(1)	—	—	<b>—</b>
At 31 January 2019	769	2,610	51	—	<b>3,430</b>
Charge for the year	136	229	62	5,413	<b>5,840</b>
Foreign currency adjustments	(4)	(18)	—	(93)	<b>(115)</b>
At 31 January 2020	901	2,821	113	5,320	<b>9,155</b>
<b>Net book value</b>					
At 31 January 2020	286	481	263	6,668	<b>7,698</b>
At 31 January 2019	398	338	119	—	<b>855</b>
At 1 February 2018	513	514	161	—	<b>1,188</b>



## 15 Property, plant and equipment *continued*

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	IFRS 16 right of use asset £'000	Total £'000
<b>Cost</b>					
At 1 February 2018	854	1,620	56	—	2,530
Additions	14	71	—	—	85
At 31 January 2019	868	1,691	56	—	2,615
Transition to IFRS 16	—	—	—	1,660	1,660
Additions	13	130	—	—	143
At 31 January 2020	881	1,821	56	1,660	4,418
<b>Accumulated depreciation</b>					
At 1 February 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
Charge for the year	101	116	6	578	801
At 31 January 2020	676	1,676	36	578	2,966
<b>Net book value</b>					
At 31 January 2020	205	145	20	1,082	1,452
At 31 January 2019	293	131	26	—	450
At 1 February 2018	367	216	33	—	616

## 16 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
<b>Cost</b>			
At 1 February 2018	2,662	10,424	13,086
Decrease in deferred consideration <sup>1</sup>	(177)	—	(177)
At 31 January 2019	2,485	10,424	12,909
Additions	11,290	—	11,290
Disposal of subsidiaries	(41)	(627)	(668)
Decrease in deferred consideration <sup>1</sup>	—	(198)	(198)
At 31 January 2020	13,734	9,599	23,333
<b>Amounts provided</b>			
At 1 February 2018 and 31 January 2019	101	635	736
Charge for the year	—	1,050	1,050
Dissolution of subsidiaries <sup>2</sup>	(41)	(627)	(668)
31 January 2020	60	1,058	1,118
<b>Net book value</b>			
At 31 January 2020	13,674	8,541	22,215
At 31 January 2019	2,384	9,789	12,173
At 1 February 2018	2,561	9,789	12,350

1 The decrease in deferred consideration was in respect of SafeSkys Limited and Clockwork Research Limited in the prior year, where the final deferred consideration paid was less than the amount previously provided.

2 Air Partner Nordic was dissolved within the current financial year.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**16 Investments** *continued*

The Company tests its investments for impairment if there are indications that the investments may be impaired. The Directors have assessed investments and, with the exception of SafeSkys Limited, consider there to be no impairment triggers. Based on the assumptions detailed in the assessment of goodwill in note 13 – Goodwill, for SafeSkys Limited, the Directors believe that value in use would result in a material impairment of £1.1m.

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 Middle East DMCC	Air charter broking	United Arab Emirates	DMCC179270	H
Redline Worldwide Limited	Holding company	England and Wales	09510974	E
Redline Aviation Security Limited	Security Training	England and Wales	05915087	E
Redline Assured Security Limited	Dormant	England and Wales	09802270	E
Redline Assured Security SARL	Dormant	France	878435114	I

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.

During the year the Company established the subsidiary Air Partner Middle East DMCC with a capital of £11,000 and acquired 100% of the share capital in Redline Worldwide Limited.

Redline Worldwide Limited has a 100% holding in Redline Aviation Security Limited for £11,278,000. Details of the breakdown of acquisition are included in note 32 – Acquisition of subsidiaries. Redline Aviation Security Limited has a 100% holding in Redline Assured Security Limited and Redline Assured Security SARL.

## 16 Investments *continued*

Air Partner Nordic was dissolved during the financial year. Air Partner (Switzerland) AG was dissolved following the year end. The carrying value at the year end was nil; therefore no impairment was required.

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	Birmensdorferstrasse 123, 8003 Zurich, 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	Cluster X, Building X3, Office 606, Jumeirah Lake Towers, Dubai, UAE
I	27 Boulevard Saint-Martin, 75003 Paris, France

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.

## 17 Trade and other receivables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Gross trade receivables	<b>9,623</b>	8,893	<b>3,117</b>	2,616
Loss allowance	<b>(854)</b>	(698)	<b>—</b>	(1)
Trade receivables	<b>8,769</b>	8,195	<b>3,117</b>	2,615
Amounts owed by Group undertakings	<b>—</b>	—	<b>5,756</b>	10,953
Social security and other taxes <sup>1</sup>	<b>1,215</b>	509	<b>338</b>	331
Other receivables	<b>407</b>	651	<b>122</b>	—
Prepayments and accrued income <sup>2</sup>	<b>8,410</b>	9,707	<b>3,172</b>	3,232
	<b>18,801</b>	19,062	<b>12,505</b>	17,131

1 The increase in social security and other taxes is due to greater grossing up debit and credit balances held in different entities. A matching movement can be seen in note 19 – Trade and other payables.

2 Prepayments and accrued income are relatively high compared to trade receivables due to the impact of IFRS 15 and cash flow implications. The Group will often need to make payments in advance of the service performed to enable it to secure the resources required. However, the customer will not pay until nearer or after the flight date. As a result under IFRS 15 the trade debtor and matching deferred revenue are not recognised but the cash outflow and prepayment are.

Amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

Prepayments and accrued income include £5,692,000 of operator prepayments (2019: £4,953,000) and accrued income of £1,973,000 (2019: £2,747,000). All accrued income is in relation to known invoices not issued at the year end. All accrued income will be converted within the 12 months. The remainder of the prepayments and accrued income is for prepayments relating to overheads.

### 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 to their fair value.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**17 Trade and other receivables** *continued***Classification as trade receivables** *continued*

All trade and other receivables have been reviewed for indicators of impairment. The movement in impaired receivables in the year is shown below:

	Group £'000	Company £'000
At 1 February 2018	301	—
Charge for the year	413	1
Receivables written off during the year	(16)	—
At 31 January 2019	698	1
Charge for the year	205	—
Receivables written off during the year	(27)	(1)
Foreign currency adjustments	(22)	—
<b>At 31 January 2020</b>	<b>854</b>	<b>—</b>

Of the amounts impaired during the period, £123,000 (2019: £67,000) was for an amount past due by less than one year with the remainder being all overdue by more than one year.

An analysis of these financial assets at the statement of financial position date for 2020 is as follows:

Group	Gross trade receivables 2020 £'000	Allowance for bad and doubtful debts 2020 £'000	Trade receivables 2020 £'000
Current	3,066	—	<b>3,066</b>
Aged:			
– By not more than three months	4,635	(2)	<b>4,633</b>
– By more than three months but not more than six months	767	(231)	<b>536</b>
– By more than six months but not more than one year	465	(21)	<b>444</b>
– By more than one year	690	(600)	<b>90</b>
	<b>9,623</b>	<b>(854)</b>	<b>8,769</b>

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
	<b>8,893</b>	<b>(698)</b>	<b>8,195</b>

## 17 Trade and other receivables *continued*

### Classification as trade receivables *continued*

Company	Gross trade receivables 2020 £'000	Allowance for bad and doubtful debts 2020 £'000	Trade receivables 2020 £'000
Current	1,087	—	1,087
Aged:			
– By not more than three months	1,987	—	1,987
– By more than three months but not more than six months	10	—	10
– By more than six months but not more than one year	32	—	32
– By more than one year	1	—	1
	3,117	—	3,117

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

## 18 Cash, borrowings and net cash

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash				
JetCard cash	16,742	17,692	11,717	12,635
Non-JetCard cash	4,633	7,462	411	3,101
Cash and cash equivalents	21,375	25,154	12,128	15,736

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Borrowings				
Secured bank loans	11,500	5,500	11,500	5,500

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amount due for settlement within 12 months	—	—	—	—
Amount due for settlement after 12 months	11,500	5,500	11,500	5,500
	11,500	5,500	11,500	5,500



**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**18 Cash, borrowings and net cash** *continued*

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net cash				
Cash	<b>21,375</b>	25,154	<b>12,128</b>	15,736
Borrowings	<b>(11,500)</b>	(5,500)	<b>(11,500)</b>	(5,500)
Net cash	<b>9,875</b>	19,654	<b>628</b>	10,236

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net cash/(debt) excluding JetCard cash				
Non-JetCard cash	<b>4,633</b>	7,462	<b>411</b>	3,101
Borrowings	<b>(11,500)</b>	(5,500)	<b>(11,500)</b>	(5,500)
Net (debt)/cash excluding JetCard cash	<b>(6,867)</b>	1,962	<b>(11,089)</b>	(2,399)

All borrowings are in Sterling.

The Group's borrowings consist of a bank loan of £11.5m (2019: £5.5m) from the Group's banker.

As part of the acquisition of Redline Worldwide Limited a new revolving credit facility was entered into during the year for £13.0m with an interest rate of 2.6% above LIBOR, expiring in February 2023. The loan is secured by a floating charge over the Company's assets.

**19 Trade and other payables**

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade payables	<b>3,421</b>	6,383	<b>1,664</b>	3,056
Other taxation and social security payable <sup>1</sup>	<b>2,248</b>	1,661	<b>235</b>	223
	<b>5,669</b>	8,044	<b>1,899</b>	3,279

<sup>1</sup> The increase in social security and other taxes is due to greater grossing up debit and credit balances held in different entities. A matching movement can be seen in note 17 – Trade and other receivables.

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

**20 Other liabilities**

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Accruals	<b>4,880</b>	2,704	<b>2,827</b>	1,658
Other liabilities	<b>134</b>	1,032	<b>—</b>	80
Amounts owed to Group undertakings	<b>—</b>	—	<b>3,745</b>	7,179
	<b>5,014</b>	3,736	<b>6,572</b>	8,917

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 Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

All finance leases are recognised as a result of the adoption of IFRS 16.

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Gross finance lease liability – minimum lease payments				
No later than one year	5,607	—	659	—
Later than one year and no later than five years	1,835	—	667	—
Later than five years	96	—	—	—
	7,538	—	1,326	—
Future finance charges on finance lease liabilities	(230)	—	(55)	—
	7,308	—	1,271	—
Present value of finance lease liabilities				
No later than one year	5,448	—	627	—
Later than one year and no later than five years	1,765	—	644	—
Later than five years	95	—	—	—
	7,308	—	1,271	—

## 22 Deferred consideration

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within current liabilities				
Deferred consideration in respect of Redline Worldwide Limited (note 32)	1,268	—	1,268	—
Provision for costs for raising of funds for Redline Worldwide Limited	50	—	50	—
Deferred consideration in respect of SafeSkys Limited	—	800	—	800
	1,318	800	1,318	800
Within non-current liabilities				
Deferred consideration in respect of Redline Worldwide Limited (note 32)	982	—	982	—
	982	—	982	—

## 23 Provisions

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within current liabilities				
Onerous contracts <sup>1</sup>	98	207	—	—
Prior year indirect tax charges <sup>2</sup>	283	—	—	—
Other	88	482	24	277
	469	689	24	277

1 The onerous contracts provision is in relation to two loss-making contracts identified in the SafeSkys Limited business as part of the fair value exercise on acquisition. This provision will reverse over the next financial year.

2 The provision for prior year indirect tax charges is in respect of indirect tax charges for a prior year tax reassessment in France. The figure represents the best estimate of the liability after taking expert legal advice. Final resolution of the matter is expected during the coming financial year.

# Notes to the financial statements *continued*

for the year ended 31 January 2020

## 23 Provisions *continued*

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Within non-current liabilities				
Onerous contracts	—	98	—	—
Dilapidation costs <sup>1</sup>	349	120	200	120
Other	44	—	—	—
	<b>393</b>	<b>218</b>	<b>200</b>	<b>120</b>

1 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.

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 with the exception of the provision for prior year indirect tax charges. The Directors consider the probability of a materially different outcome as remote. The provision represents a best estimate of the probable outflow and a material difference is considered a remote possibility. See note 2v – Critical accounting judgements and sources of estimation uncertainty.

Movement in each class of provision for the Group during the financial year is set out below:

	Onerous contracts £'000	Dilapidation costs £'000	Prior year indirect tax charges £'000	Other £'000	Total £'000
Carrying amount at 1 February 2019	305	120	—	482	907
Charged to profit or loss:					
– Additional provisions recognised	—	80	283	62	425
Provision recognised on acquisition	—	149	—	64	213
Amounts used during the year	(207)	—	—	(476)	(683)
<b>Carrying amount at 31 January 2020</b>	<b>98</b>	<b>349</b>	<b>283</b>	<b>132</b>	<b>862</b>

Movement in each class of provision for the Company during the financial year is set out below:

	Dilapidation costs £'000	Other £'000	Total £'000
Carrying amount at 1 February 2019	120	277	397
Charged to profit or loss:			
– Additional provisions recognised	80	17	97
Amounts used during the year	—	(270)	(270)
<b>Carrying amount at 31 January 2020</b>	<b>200</b>	<b>24</b>	<b>224</b>

## 24 Financial instruments

The objectives of the Group's treasury activities are to manage financial risk, minimise the 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 and borrowings. 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.

## 24 Financial instruments *continued*

### a) Interest rate risk *continued*

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash held at year end without interest rates	16,742	20,933	11,423	15,130
Cash held at year end on variable interest rates	4,633	4,221	705	606
	21,375	25,154	12,128	15,736

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 0.00% to 1.55% (2019: 0.00% to 1.75%).

Group	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash held at year end on variable interest rates	46	42	(46)	(42)

Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash held at year end on variable interest rates	7	6	(7)	(6)

The Group is further exposed to interest rate risk due to variable interest owed on its borrowings, £11,500,000 (2019: £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% (2019: 3.18%).

Group and Company	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Borrowings on variable interest rates	(115)	(55)	115	55

### 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	21,375	25,154	12,128	15,736
Trade and other receivables	11,149	11,593	9,680	13,447
	32,524	36,747	21,808	29,183

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.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**24 Financial instruments** *continued***b) Credit risk** *continued*

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 17 – Trade and other receivables, for details of impairment losses for financial instruments.

**c) Liquidity risk**

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

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

As at 31 January 2020, the Group and Company's financial liabilities had contractual maturities which are summarised below:

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Group</b>								
Trade and other payables	25,041	26,952	—	—	—	—	—	—
Bank loans	—	—	—	—	11,500	5,500	—	—
Lease liabilities	2,972	—	2,635	—	1,835	—	96	—
Derivative financial instruments	39	8	—	—	—	—	—	—
	28,052	26,960	2,635	—	13,335	5,500	96	—

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Company</b>								
Trade and other payables	19,953	24,729	—	—	—	—	—	—
Bank loans	—	—	—	—	11,500	5,500	—	—
Lease liabilities	336	—	323	—	667	—	—	—
Derivative financial instruments	39	8	—	—	—	—	—	—
	20,328	24,737	323	—	12,167	5,500	—	—

Trade and other payables in the table above includes £16,742,000 of JetCard deposits (2019: £17,692,000). JetCard deposits can be used at any time by the customer and is therefore treated as maturing within 6 months. Other deferred income of £7,916,000 (2019: £7,720,000) which relates to services that have been invoiced but not yet completed has not been included in the credit risk table. All other deferred income is expected to be converted within the next 12 months.

**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.



## 24 Financial instruments *continued*

### d) Foreign currency risk *continued*

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

Group	2020				2019			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	17,812	6,608	7,907	199	19,109	8,544	7,933	1,161
Financial liabilities	(19,078)	(5,830)	(5,559)	(61)	(16,082)	(5,519)	(5,130)	(229)
<b>Short-term exposure</b>	<b>(1,266)</b>	<b>778</b>	<b>2,348</b>	<b>138</b>	<b>3,027</b>	<b>3,025</b>	<b>2,803</b>	<b>932</b>
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	(293)	(85)	(12,981)	—	—	—	(5,500)	—
<b>Long-term exposure</b>	<b>(293)</b>	<b>(85)</b>	<b>(12,981)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(5,500)</b>	<b>—</b>
	<b>(1,559)</b>	<b>693</b>	<b>(10,633)</b>	<b>138</b>	<b>3,027</b>	<b>3,025</b>	<b>(2,697)</b>	<b>932</b>

Company	2020				2019			
	Eur €	US \$	GBP £	Other	Eur €	US \$	GBP £	Other
Financial assets	13,600	1,302	6,706	200	15,480	5,584	7,455	664
Financial liabilities	(12,713)	(1,484)	(6,370)	(83)	(16,407)	(2,309)	(5,928)	(93)
<b>Short-term exposure</b>	<b>887</b>	<b>(182)</b>	<b>336</b>	<b>117</b>	<b>(927)</b>	<b>3,275</b>	<b>1,527</b>	<b>571</b>
Financial assets	—	—	—	—	—	—	—	—
Financial liabilities	—	—	(12,167)	—	—	—	(5,500)	—
<b>Long-term exposure</b>	<b>—</b>	<b>—</b>	<b>(12,167)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(5,500)</b>	<b>—</b>
	<b>887</b>	<b>(182)</b>	<b>(11,831)</b>	<b>117</b>	<b>(927)</b>	<b>3,275</b>	<b>(3,973)</b>	<b>571</b>

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 2020 (2019: 10%). A 10% change is also assumed for the Sterling/US Dollar exchange rate (2019: 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% (2019: 10%) and 10% (2019: 10%) respectively the impact would have been as follows:

Group	2020			2019		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,781)	(661)	(2,442)	(1,911)	(854)	(2,765)
Financial liabilities	1,937	592	2,529	1,608	552	2,160
Effect on profit before tax/equity	156	(69)	87	(303)	(302)	(605)

Company	2020			2019		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	(1,360)	(130)	(1,490)	(1,548)	(558)	(2,106)
Financial liabilities	1,271	148	1,419	1,641	231	1,872
Effect on profit before tax/equity	(89)	18	(71)	93	(327)	(234)

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**24 Financial instruments** *continued***d) Foreign currency risk** *continued*

If Sterling had weakened against the Euro and US Dollar by 10% (2019: 10%) and 10% (2019: 10%) respectively the impact would have been as follows:

Group	2020			2019		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,781	661	2,442	1,911	854	2,765
Financial liabilities	(1,937)	(592)	(2,529)	(1,608)	(552)	(2,160)
Effect on profit before tax/equity	(156)	69	(87)	303	302	605

Company	2020			2019		
	Eur €	US \$	Total	Eur €	US \$	Total
Financial assets	1,360	130	1,490	1,548	558	2,106
Financial liabilities	(1,271)	(148)	(1,419)	(1,641)	(231)	(1,872)
Effect on profit before tax/equity	89	(18)	71	(93)	327	234

**e) Forward contracts**

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.

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 the statement of financial position date is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2019: none).

At the reporting date, the total notional amount of outstanding forward foreign exchange contracts that the Group had committed is as below and their related fair value was as follows (terms not exceeding three months from 31 January 2019):

Group	2020 £'000	2019 £'000
Forward foreign exchange contracts – notional amount	454	368
Financial liability	(39)	(8)

Company	2020 £'000	2019 £'000
Forward foreign exchange contracts – notional amount	454	368
Financial liability	(39)	(8)

Changes in the fair value of derivative financial instruments amounting to £31,000 have been charged to the Group income statement in the year (2019: credit of £4,000).

Changes in the fair value of derivative financial instruments amounting to £31,000 have been charged to the Company income statement in the year (2019: credit of £6,000).

**f) Capital risk management**

The Group's (and by implication the Company'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. This will guide the Group's decisions in relation to dividends and whether to raise additional funds required through debt or equity. There is no formal policy nor target regarding the gearing ratio.

## 24 Financial instruments *continued*

### f) Capital risk management *continued*

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 – Cash, borrowing and net cash, after deducting non-JetCard cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings disclosed in notes 28 to 31).

The Group is not subject to any externally imposed capital requirements. The Group is subject to covenant testing in relation to its borrowing. The Group is compliant with these at the year end and they are factored into any assessment of going concern.

Excluding JetCard cash the Group's gearing ratio at year end is as follows:

	2020 £'000	2019 £'000
Debt	(11,500)	(5,500)
Cash and cash equivalents	4,633	7,462
(Net debt)/net cash	(6,867)	1,962
Equity	9,193	11,681
(Net debt)/net cash to equity ratio	(74.70%)	16.80%

Debt is defined as long and short-term borrowings and other long-term liabilities as detailed in note 18 – Cash, borrowing and net cash.

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

### g) Financial assets by category

Group	2020 £'000	2019 £'000
Cash and bank balances	21,375	25,154
Trade and other receivables and accrued income	11,467	11,593
Current assets which are not financial assets	7,652	7,782
<b>Total current assets</b>	<b>40,494</b>	<b>44,529</b>

Company	2020 £'000	2019 £'000
Cash and bank balances	12,128	15,736
Trade and other receivables and accrued income	9,680	13,447
Current assets which are not financial assets	2,825	3,684
<b>Total current assets</b>	<b>24,633</b>	<b>32,867</b>

### h) Financial liabilities by category

Group	2020 £'000	2019 £'000
Financial liabilities held at fair value through profit or loss	(39)	(8)
Financial liabilities measured at amortised cost	(30,648)	(26,952)
Current liabilities which are not financial liabilities	(12,555)	(12,322)
<b>Total current liabilities</b>	<b>(43,242)</b>	<b>(39,282)</b>

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**24 Financial instruments** *continued***h) Financial liabilities by category** *continued*

<b>Company</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Financial liabilities held at fair value through profit or loss	<b>(39)</b>	(8)
Financial liabilities measured at amortised cost	<b>(20,612)</b>	(24,729)
Current liabilities which are not financial liabilities	<b>(3,456)</b>	(3,927)
<b>Total current liabilities</b>	<b>(24,107)</b>	(28,664)

<b>Group</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Financial liabilities measured at amortised cost	<b>(14,342)</b>	(5,500)
Long-term liabilities which are not financial liabilities	<b>(393)</b>	(918)
<b>Total non-current liabilities<sup>1</sup></b>	<b>(14,735)</b>	(6,418)

<b>Company</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Financial liabilities measured at amortised cost	<b>(13,126)</b>	(5,500)
Long-term liabilities which are not financial liabilities	<b>(200)</b>	(120)
<b>Total non-current liabilities<sup>1</sup></b>	<b>(13,326)</b>	(5,620)

<sup>1</sup> Total non-current liabilities does not include deferred tax liability.

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

**25 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:

	<b>2020</b>		<b>2019</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price (pence)</b>	<b>Number of share options</b>	<b>Weighted average exercise price (pence)</b>
Outstanding as at start of year	<b>1,731,678</b>	<b>6.1</b>	2,475,192	18.2
Granted during the year	<b>870,475</b>	<b>—</b>	296,490	—
Forfeited/lapsed during the year	<b>(525,577)</b>	<b>17.7</b>	(397,699)	70.6
Exercised during the year	<b>(739,817)</b>	<b>3.0</b>	(642,305)	0.0
Outstanding at year end	<b>1,336,759</b>	<b>7.2</b>	1,731,678	6.1
Exercisable at year end	<b>254,410</b>	<b>37.9</b>	577,377	44.3

The weighted average remaining contractual life of share options outstanding at the year end was 1.81 years (2019: 3.04 years).

The exercise prices of share options outstanding at year end ranged from nil pence to 63.4 pence (2019: nil pence to 102.0 pence). The total charge for the year relating to employee share based payment plans was £59,000 (2019: £252,000).

## 25 Share based payments *continued*

The following table shows the number of shares within ranges of exercise price:

	2020		2019	
	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	1,173,259	—	1,435,828	—
From 55.0 pence to 65.0 pence	163,500	96	206,150	120
From 65.0 pence to 100.0 pence	—	—	—	—
From 100.0 pence to 109.0 pence	—	—	89,700	91
<b>Total</b>	<b>1,336,759</b>	<b>96</b>	<b>1,731,678</b>	<b>211</b>

In the current year, options were granted on 11 July 2019. The estimated fair values of the options granted on those dates is £565,809. In the prior year, options were granted on 23 July 2018. The estimated fair values of the options granted on those dates is £250,528. Inputs into the Monte Carlo model were as follows:

	2019 options	2018 options
Weighted average share price	0.80p	1.21p
Weighted average exercise price	0.00p	0.00p
Expected volatility	45.00%	45.89%
Expected life	3 years	3 years
Risk-free rate	0.55%	0.75%
Expected dividend yields	n/a	4.50%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

## 26 Deferred tax

Deferred tax has been calculated at 17% (2019: 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 £'000	Net accelerated tax depreciation £'000	Share based payment £'000	Other temporary differences £'000	Total £'000
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)
Arising on acquisition	(1,275)	44	—	19	(1,212)
Transition to IFRS 16	—	28	—	—	28
Credit/(charge) to the income statement	134	(47)	(80)	(20)	(13)
Exchange differences	—	—	—	(3)	(3)
<b>At 31 January 2020</b>	<b>(1,826)</b>	<b>(62)</b>	<b>46</b>	<b>307</b>	<b>(1,535)</b>



**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**26 Deferred tax** *continued*

Company	Net accelerated tax depreciation £'000	Share based payment £'000	Other temporary differences £'000	Total £'000
At 1 February 2018	(86)	264	—	178
Credit to the income statement	(4)	(114)	—	(118)
At 31 January 2019	(90)	150	—	60
Recognised on conversion to IFRS 16	10	—	—	10
(Credit)/charge to the income statement	(62)	(104)	58	(108)
<b>At 31 January 2020</b>	<b>(142)</b>	<b>46</b>	<b>58</b>	<b>(38)</b>

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred tax liabilities	<b>(1,819)</b>	(700)	<b>(38)</b>	—
Deferred tax assets	<b>284</b>	365	<b>—</b>	60
	<b>(1,535)</b>	(335)	<b>(38)</b>	60

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred tax assets to be recovered after more than 12 months	<b>165</b>	133	<b>88</b>	89
Deferred tax assets to be recovered within 12 months	<b>292</b>	232	<b>16</b>	61
	<b>457</b>	365	<b>104</b>	150
Deferred tax liabilities to be recovered after more than 12 months	<b>(1,455)</b>	(628)	<b>(142)</b>	(90)
Deferred tax liabilities to be recovered within 12 months	<b>(537)</b>	(72)	<b>—</b>	—
	<b>(1,992)</b>	(700)	<b>(142)</b>	(90)
Deferred tax liability net	<b>(1,535)</b>	(355)	<b>(38)</b>	60

The ageing analysis grosses up deferred tax balances within entities to reflect the expected timing of recognition and therefore the Group has not offset assets and liabilities where the Group has a legally enforceable right to do so.

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 £2.7m (2019: £2.2m) resulting in a potential deferred tax asset of £769,000 (2019: £521,000). The Group has not recognised £761,000 (2019: £447,000) of this asset as it is not expected that the losses will be used in the foreseeable future.

**27 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.

## 27 Employee benefits *continued*

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 £730,000 (2019: £520,000) represents contributions payable to these various schemes by the Group. As at the statement of financial position date the Group owed £93,000 (2019: £141,000) to pension schemes.

Air Partner S.A.S., 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). When the employee retires, the company will have no further liability to the employee.

All permanent employees are covered by this scheme. The official retirement age in France is 62 (2019: 62); however, the full pension benefit may not be available at this age. Benefit rights do not vest before the normal retirement age.

If it is deemed that the employee’s retirement is not the employee’s choice, then a lump sum retirement allowance must by law be paid by the employer when the employee retires.

In this case, the lump sum allowances to be paid on retirement are calculated as follows:

- 20% of the base salary by years of seniority until 10 years;
- 35% of the base salary by years of seniority from the 11th years.

If it is deemed that the employee’s retirement is the employee’s decision, the lump sum allowance must by law be paid by the employer when employee retires.

In this case the lump sum allowances to be paid on retirement are calculated as follows: 15% of the salary by years of seniority.

The Group recognises a provision for this amount following the assumptions detailed below:

### 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 external scheme’s obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan’s liabilities and the company’s payments required on retirement. The risk is limited due to the low number of people remaining in the scheme.

#### 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 2020 actuarial report, pension liability has been based on the assumptions below and updated for the movements in employees during the year. The valuations at these dates are based on the following assumptions:

	2020	2019
Expected rate of salary increases	2.0%	1.50%
Discount rate	0.77%	1.30%
Rate of inflation	1.50%	1.50%
Retirement age – management	65–67	65–67
Retirement age – others	65–67	65–67

# Notes to the financial statements *continued*

for the year ended 31 January 2020

## 27 Employee benefits *continued*

### Defined benefit pension *continued*

#### c) Inflation risk *continued*

Annual staff turnover rates in both years are as follows:

	2020	2019
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:

	2020 £'000	2019 £'000
At 1 February	127	158
Current service credit	(83)	(31)
At 31 January	44	127

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

#### Impact on defined benefit obligation

	Increase in assumption	Decrease in assumption
<b>2020</b>		
More leavers than new joiners	—	Yes
<b>2019</b>		
More leavers than new joiners	—	Yes
Legal age for retirement to increase	Yes	—

Total cost recognised as an expense:

	2020 £'000	2019 £'000
Current service credit – within administrative expenses	83	31
Interest cost – within finance costs	—	—

## 28 Share capital

	2020 £'000	2019 £'000
<b>Authorised</b>		
Unlimited ordinary shares of 1 pence each <sup>1</sup>	—	750
<b>Issued and fully paid</b>		
53,525,293 ordinary shares of 1 pence each	535	—
52,217,565 ordinary shares of 1 pence each	—	522

<sup>1</sup> At the AGM on 26 June 2019, the Company's shareholders approved that the restriction on authorised share capital be revoked and deleted.

## 28 Share capital *continued*

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.

During the year 571,952 ordinary share were issued as part of the 2016 LTIP award at a market value of 76.0 pence and 73,378 ordinary shares were issued to settle bonuses due at a market value of 80.0 pence.

As part of the acquisition of Redline Worldwide Limited, 662,398 ordinary shares were issued at market value at the date of acquisition of 90.58p as part of the consideration.

## 29 Share premium

	Group and Company £'000
Balance at 1 February 2018 and 1 February 2019	4,814
Issue of shares	593
Exercise of share options	488
<b>Balance at 31 January 2020</b>	<b>5,895</b>

## 30 Merger reserve

	Group and Company £'000
<b>Balance at 1 February 2019 and 31 January 2020</b>	<b>295</b>

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.

## 31 Own shares reserve

	Group and Company £'000
Balance at 1 February 2018	(748)
Disposed on exercise of options	422
Balance at 31 January 2019	(326)
Disposed on exercise of options	168
<b>Balance at 31 January 2020</b>	<b>(158)</b>

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 25 – Share based payments). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2020 was 69,928 ordinary shares of 1 pence each (2019: 146,883 ordinary shares of 1 pence each). A further 90,910 ordinary shares of 1 pence each (2019: 181,820 ordinary shares of 1 pence each) are held by the Trust in a nominee capacity for one beneficiary (2019: 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.

## 32 Acquisition of subsidiaries

On 12 December 2019, Air Partner plc acquired 100% of the issued share capital of Redline Worldwide Limited (Redline), obtaining control of the company and its subsidiaries (Redline Aviation Security Limited, Redline Assured Security Limited and Redline Assured Security SARL) on that date.

The headline price was £10.0m, on a debt free, cash free basis, with an initial consideration of £8.0m, comprised of cash of £7.4m and shares of £600,000, payable on completion and additional consideration of up to £2.0m payable over two years post completion. Details are provided on the next page.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**32 Acquisition of subsidiaries** *continued*

Established in 2006, Redline is a global leader in the delivery of government-standard security training and solutions to international airports, airlines and aviation sector related companies, critical national infrastructure, stadia and event managers, and corporates. The products and services provided include: training – academy and e-Learning; quality assurance – covert testing and audits; compliance management – embedded Security Management Systems (SeMS) and security health monitoring software; and security consulting – design and development of security systems, processes and protocols.

The acquisition of Redline adds specialist consulting expertise and knowledge to Air Partner as well as offering significant growth opportunities and furthering the Group's relationships with airports, airlines, governments and corporates around the world.

	£'000
<b>Fair value of net assets acquired</b>	
Financial assets (excluding cash and cash equivalents)	1,718
Cash and cash equivalents	1,080
Property, plant and equipment	107
Property, plant and equipment recognised under IFRS 16	804
Intangible assets – revenue under customer contracts	2,600
Intangible assets – customer relationships	3,500
Intangible assets – research and development	1,400
Provisions recognised on acquisition	(213)
Deferred tax liability on acquisition	(1,212)
Financial liabilities	(1,085)
Finance leases recognised under IFRS 16	(1,065)
Goodwill	3,644
<b>Total net assets acquired</b>	11,278
<b>Satisfied by</b>	
Cash	7,400
Shares issued in Air Partner plc <sup>1</sup>	600
Deferred consideration <sup>2</sup>	1,972
Working capital adjustment agreed post acquisition <sup>3</sup>	226
<b>Total consideration on cash free, debt free basis</b>	10,198
 Payment for estimated net cash at acquisition date	 1,028
Net cash adjustment agreed post acquisition <sup>3</sup>	52
<b>Total consideration</b>	11,278
<b>Net cash outflow arising on acquisition</b>	
Cash consideration	7,400
Payment for estimated net cash at acquisition date	1,028
Less actual cash and cash equivalents acquired	(1,080)
<b>Net cash outflow</b>	7,348

1 The share issue is comprised of 662,398 shares issued at market value at the date of acquisition of 90.58p.

2 Deferred consideration of £2,000,000 has been recognised as at the year end. This is comprised of an unconditional payment of £1,000,000 due on the first anniversary of the acquisition and a conditional payment of £1,000,000 due on the second anniversary of the acquisition. Management has worked on the basis that the conditional payment will be due in full based on its due diligence findings and representations from Redline's Management at the time of the transaction. This assumption will be reviewed at the end of the next financial year. £1,768,000 is the net present value of these amounts at the date of acquisition.

3 The £226,000 adjustment for the working capital and £52,000 adjustment for estimated net cash were agreed and paid following the year end.

No goodwill is deductible for tax purposes.



### 32 Acquisition of subsidiaries *continued*

The goodwill of £3,439,000 arising from the acquisition is attributable to the value of the assembled workforce and the ability of the senior staff to generate future business.

Redline contributed revenue of £978,000 and profit before tax of £195,000 being the results between the date of acquisition and 31 January 2020.

If the acquisition of Redline had been completed on the first day of the financial year, it would have contributed £7,530,000 to Group revenue and £830,000 to Group profit before tax.

Acquisition-related costs in the year amounted to £604,000 covering adviser fees, legal fees and external financial and tax due diligence.

### 33a Net cash inflow from operating activities

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Profit for the year</b>				
Continuing operations	<b>303</b>	2,885	<b>1,974</b>	5,100
Adjustments for:				
Finance income	<b>(71)</b>	(32)	<b>(3)</b>	—
Finance expense	<b>613</b>	224	<b>362</b>	224
Income tax	<b>633</b>	484	<b>751</b>	293
Depreciation, amortisation and loss on disposal	<b>6,830</b>	1,275	<b>1,119</b>	669
Impairments	<b>1,885</b>	—	<b>1,050</b>	—
Fair value movement on derivative financial instruments	<b>31</b>	(4)	<b>31</b>	(6)
Share option cost for period	<b>59</b>	252	<b>59</b>	255
Share based payments	<b>58</b>	—	<b>58</b>	—
(Decrease)/increase in provisions	<b>(643)</b>	(100)	<b>(173)</b>	277
Foreign exchange differences	<b>88</b>	6	<b>407</b>	10
<b>Operating cash flows before movements in working capital</b>	<b>9,786</b>	4,990	<b>5,635</b>	6,822
Change in receivables	<b>1,582</b>	(2,958)	<b>4,388</b>	172
Change in payables	<b>(2,259)</b>	1,065	<b>(5,494)</b>	2,208
<b>Cash generated from operations</b>	<b>9,109</b>	3,097	<b>4,529</b>	9,202

### 33b Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the periods presented.

#### Group

	At 1 February 2019 £'000	Adoption of IFRS 16 £'000	Acquired on acquisition £'000	Additions £'000	Cash flow movements £'000	Interest £'000	Foreign exchange £'000	At 31 January 2020 £'000
Cash	25,154	—	—	—	(3,020)	—	(759)	<b>21,375</b>
Debt	(5,500)	—	—	—	(6,000)	—	—	<b>(11,500)</b>
Lease liabilities	—	(11,760)	(1,065)	(188)	5,715	(301)	291	<b>(7,308)</b>
Net cash/(debt)	19,654	(11,760)	(1,065)	(188)	(3,305)	(301)	(468)	<b>2,567</b>

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**33b Net cash/(debt) reconciliation** *continued***Group** *continued*

	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

**Company**

	At 1 February 2019 £'000	Adoption of IFRS 16 £'000	Cash flow movements £'000	Interest £'000	Foreign exchange £'000	At 31 January 2020 £'000
Cash	15,736	—	(3,201)	—	(407)	<b>12,128</b>
Debt	(5,500)	—	(6,000)	—	—	<b>(11,500)</b>
Lease liabilities	—	(1,938)	720	(53)	—	<b>(1,271)</b>
Net cash/(debt)	10,236	(1,938)	(8,481)	(53)	(407)	<b>(643)</b>

	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

**34 Operating lease arrangements**

All leases included within this note fall outside of the scope of IFRS 16, either due to low value or the lease being for less than 12 months.

	2020 Land and buildings £'000	2019 Land and buildings £'000	2020 Other £'000	2019 Other £'000	2020 Total £'000	2019 Total £'000
<b>The Group as lessee</b>						
Minimum lease payments under operating leases recognised as costs for the period	<b>213</b>	805	<b>13</b>	354	<b>226</b>	1,159

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

	2020 Land and buildings £'000	2019 Land and buildings £'000	2020 Other £'000	2019 Other £'000	2020 Total £'000	2019 Total £'000
<b>The Group as lessee</b>						
Within one year	<b>27</b>	802	<b>2</b>	414	<b>29</b>	1,216
In the second to fifth year inclusive	<b>2</b>	863	—	1,068	<b>2</b>	1,931
After five years	—	—	—	—	—	—
	<b>29</b>	1,665	<b>2</b>	1,482	<b>31</b>	3,147

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.

### 35 Profit for the financial year

The Group financial statements do not include a separate income statement for Air Partner plc (the parent undertaking) as permitted by Section 408 of the Companies Act 2006. The parent company profit after tax for the financial year was £1,974,000 (2019: £5,100,000) including dividends from subsidiary companies of £592,000 (2019: £3,026,000). The parent company has an other comprehensive loss of £51,000 resulting from the adoption of IFRS 16.

### 36 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	2020 £'000	2019 £'000
<b>Subsidiaries</b>		
Sales to subsidiaries	—	—
Purchases from subsidiaries	—	—
Amounts owed by subsidiaries at period end	5,756	10,953
Amounts owed to subsidiaries at period end	(3,745)	(7,179)

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)	2020 £'000	2019 £'000
Short-term employee benefits	512	399
Post-employment benefits <sup>1</sup>	62	42
Termination benefits	—	157
Share based payments	19	177
	593	775

In addition to the above amounts, key management personnel who were also shareholders received £37,655 of dividends in respect of their shareholdings in the year ended 31 January 2020 (2019: £29,865).

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

Aggregate Directors' remuneration	2020 £'000	2019 £'000
Emoluments	1,045	1,196
Company contributions to money purchase pension contributions <sup>1</sup>	62	42
	1,107	1,238

<sup>1</sup> Due to an administrative error, pension contributions were overpaid by £3,479. The full amount will be repaid in 2020. This has been included in the payments above but not in the Directors' remuneration for the year ended 31 January 2020.

Two Directors (2019: three 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 76 to 82.

### 37 Contingent liabilities

The Company's banker holds a free and floating charge over the Company's assets resulting from the revolving credit facility held by the Company.

**Notes to the financial statements** *continued*

for the year ended 31 January 2020

**38 Changes in accounting policy**

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 February 2019.

The Group has adopted IFRS 16 retrospectively from 1 February 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 February 2019.

**a) Adjustments recognised on adoption of IFRS 16**

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's banking borrowing rate as at 1 February 2019. The Group has used this rate as there was no implicit rate included in the leases converted therefore the Group's borrowing rate was considered the most appropriate rate to use. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 February 2019 was 3.3%.

For leases previously classified as operating leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- ▶ applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- ▶ relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 February 2019;
- ▶ accounting for operating leases with a remaining lease term of less than 12 months as at 31 January 2019 as short-term leases;
- ▶ excluding initial direct costs for the measurement of the right of use asset at the date of initial application; and
- ▶ using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

	1 February 2019 £'000
Operating lease commitments disclosed as at 1 February 2019	3,147
Discounted using the lessee's incremental borrowing rate at the date of initial application	2,994
Add: Finance lease liabilities recognised <sup>1</sup>	8,951
Less: Short-term leases recognised on a straight-line basis as an expense	(174)
Less: Low-value leases recognised on a straight-line basis as an expense	(11)
Lease liability recognised <sup>1</sup>	11,760
Which are recognised within:	
Current lease liabilities	5,467
Non-current lease liabilities	6,293
Lease liability recognised	11,760

<sup>1</sup> The additional finance lease liabilities recognised relate to contracts that were not included in the operating lease note last year but were identified as part of the assessment of IFRS 16. The difference is primarily down to the aircraft lease for £8,782,000.

The associated right-of-use assets were measured on a retrospective basis as if the new rules have always been applied. Where appropriate, right-of-use assets were adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

### 38 Changes in accounting policy *continued*

#### a) Adjustments recognised on adoption of IFRS 16 *continued*

The recognised right-of-use assets of the policy relate to the following types of assets:

	31 January 2020 £'000	31 January 2019 £'000
Short leasehold property and leasehold improvements	1,546	1,233
Fixtures and equipment	996	1,344
Motor vehicles	84	16
Intangible assets	82	104
Aircraft	4,042	8,782
	6,750	11,479

The change of accounting policy affected the following items in the balance sheet on 1 February 2019:

- ▶ right of use assets – increase of £11,479,000;
- ▶ lease liabilities – increase of £11,760,000;
- ▶ operating lease incentive accrual liability – decrease of £114,000; and
- ▶ the net impact on retained earnings on 1 February 2019 was a decrease of £167,000, the balancing impact of the other adjustments.

#### b) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment for which rental contracts are typically 3–10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

From 1 February 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ▶ fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ▶ variable lease payment that are based on an index or a rate;
- ▶ amounts expected to be payable by the lessee under residual value guarantees;
- ▶ the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- ▶ payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.



### 38 Changes in accounting policy *continued*

#### **b) The Group's leasing activities and how these are accounted for** *continued*

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items of office equipment.

The adoption of IFRS 16 resulted in a reduction in profit for the period of £73,000, due to IFRS 16 accelerating the impact of finance costs within lease contracts. It has also resulted in an increase in cash generated from operating activities of £5.4m. The increase is offset by a matching increase in net cash generated from financing activities.

### 39 Post balance sheet events

The economic impact of the COVID-19 pandemic is having a substantial impact upon most businesses. The Directors have considered whether COVID-19 had a material impact as a post balance sheet event given potential concerns over expected reduced trading and the cash flow implications, as well as the expectations that customers will be slower to pay and the increased chance of bad debts.

As of the balance sheet date it was not known how severe the economic impact of COVID-19 would be as the vast majority of cases were then in Asia, where the Group currently has limited operations. Based on this the Directors concluded the pandemic is a non-adjusting post balance sheet event.

Despite the subsequent global economic impact, Air Partner has had a very strong first quarter as a result of a number of repatriation flights and a substantial increase in freight bookings in Group Charter. This has offset the downturn in other divisions and the Directors continue to carefully monitor the expected performance over the coming year.

The first quarter has provided the Group with a stronger than forecast cash position following year end. The Directors are aware that this will need to be managed over the coming year and have taken steps to improve the cash flow including reducing or removing credit terms where appropriate. The Directors have implemented a number of cost cutting measures and utilised government support for staff costs where appropriate in order to reduce the potential cash burn rate.

The Directors have reviewed the balances held at year end most likely to be materially impacted as a result of COVID-19 and are satisfied that any impact is immaterial. Efforts made post year end to reduce aged debtors mean that the recoverability of debtors held at year end is not materially affected. Adjusting impairment models for goodwill, intangibles and investments to reflect the expected downturn has not suggested any further impairments are required. The Directors acknowledge that the likelihood of impairments to assets is greater over the coming financial year; however, these will require assessment once the long-term economic impact of COVID-19 is clearer.

Part of the deferred consideration for Redline Worldwide Limited is contingent based on performance conditions and is payable on the second anniversary of the acquisition. At the balance sheet date it was assumed that these conditions would be met. The economic downturn causes increased uncertainty over whether these targets will be met; however, this will be assessed during the coming financial year.

As a result of the steps and assessments detailed above, COVID-19 is not considered to impact the going concern assessment. This is reinforced by support from the Group's banker, which has agreed to waive covenant testing from October 2020 until April 2021. Following the strong first quarter a waiver was deemed not to be necessary until this date.

# Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, we recommend you seek advice from your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 without delay. If you have sold or otherwise transferred all your shares in the Company, please forward this document to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the 2020 Annual General Meeting (AGM) of Air Partner plc (the Company) will be held at 13:00 on Wednesday 15 July 2020 at 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 OPA to consider and, if thought fit, to pass the resolutions in this Notice of AGM.

## AGM arrangements in the context of the COVID-19 pandemic

The Company is closely monitoring the COVID-19 situation, including UK Government guidance, and will continue to do so in the lead up to the AGM. The health of our shareholders, employees and other stakeholders remains extremely important to us and, accordingly, the Board has taken into consideration the compulsory 'Stay Alert' measures that have been published by the UK Government. Should these directives remain in place up to the AGM, or if they are relaxed but restrictions still need to apply to protect the safety of the people attending the AGM or any of the Company's stakeholders, then shareholders, advisers and other guests will not be allowed to attend the AGM in person and anyone seeking to attend the meeting will be refused entry. As such, shareholders should note they are not entitled to attend the AGM in person unless notified otherwise via the Company's website at [www.airpartner.com](http://www.airpartner.com).

Shareholders are requested to therefore submit their votes, in respect of the business to be discussed, via proxy as early as possible. Shareholders should appoint the Chair of the meeting as their proxy. If a shareholder appoints someone else as their proxy, that proxy will not be able to attend the meeting in person or cast the shareholder's vote.

The business at the AGM will be curtailed to the formal business section only, with no wider presentations on business performance or Q & A.

Shareholders are invited to submit to the Company Secretary any questions they would otherwise have asked at the AGM through the email address [cosec@airpartner.com](mailto:cosec@airpartner.com). Such questions will be considered by the Board. The Board will respond to any relevant questions that are received, and may also, if the Board so determines, and subject to any regulatory restrictions, publish on the Company's website a summary of responses to questions received.

In the event that further disruption to the 2020 AGM becomes unavoidable, we will announce any changes to the meeting (such as timing or venue) as soon as practicably possible through the Company's website ([www.airpartner.com](http://www.airpartner.com)).

We will continue to monitor the fast-changing government guidance and provide any appropriate updates via the Regulatory News Service and our website ([www.airpartner.com](http://www.airpartner.com)). We anticipate that new laws will be passed to give the Company greater flexibility in the organisation of this year's AGM to comply with any applicable restrictions. It is currently the Company's intention to use the full extent of any such laws to safeguard the health and safety of our stakeholders.

## Notice of Annual General Meeting *continued*

At the AGM we will be proposing a number of resolutions as set out below. Resolutions 1 to 10 will be proposed as ordinary resolutions, and resolutions 11 to 14 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 2020.

#### Directors' remuneration

2. To approve the Directors' Remuneration Report in the form set out in the Company's Annual Report and Accounts, excluding the summary of the Directors' Remuneration policy set out on pages 71 to 75 of the Directors' Remuneration Report, for the year ended 31 January 2020.

#### Directors

3. To re-elect Mark Briffa as a Director of the Company.
4. To re-elect Joanne Estell as a Director of the Company.
5. To re-elect Ed Warner as a Director of the Company.
6. To re-elect Amanda Wills as a Director of the Company.
7. To re-elect Paul Dollman as a Director of the Company.

#### Auditors

8. To reappoint PricewaterhouseCoopers LLP as the Company's auditors to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.
9. To authorise the Audit and Risk Committee of the board of directors of the Company (the Board) to determine the remuneration of the Company's auditors.

#### Directors' authority to allot shares

10. 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 £178,418; and
  - b) comprising equity securities (as defined in Section 560(1) of the Act) up to a further aggregate nominal value of £178,418 in connection with an offer by way of a rights issue,

such authorities to expire at the conclusion of the next AGM of the Company to be held in 2021 or, if earlier, at 18:00 on 15 October 2021 (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 has not expired.

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 is 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.

## Special resolutions

### Disapplication of pre-emption rights

11. That if resolution 10 is passed, the Board, in substitution for all previous authorities to the extent unused, 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 £26,763,

such authority to expire at the conclusion of the next AGM of the Company to be held in 2021 or, if earlier, at 18:00 on 15 October 2021 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.

12. That if resolution 10 is passed, the Board, in substitution for all previous authorities to the extent unused, be authorised in addition to any authority granted under resolution 11 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 £26,763; 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,

such authority to expire at the conclusion of the next AGM of the Company to be held in 2021 or, if earlier, at 18:00 on 15 October 2021 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

13. 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 5,352,529 (being approximately 10% of the issued ordinary share capital of the Company);
- 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 conclusion of the next AGM of the Company to be held in 2021 (or, if earlier, at 18:00 on 15 October 2021), 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 Annual General Meeting *continued*

### Special resolutions *continued*

#### Notice of general meetings

14. 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 14 shall expire at the conclusion of the next AGM of the Company to be held in 2021.

By order of the Board



**Judith Banks**  
Company Secretary  
Air Partner plc  
22 May 2020

Registered office:  
2 City Place,  
Beehive Ring Road,  
Gatwick,  
West Sussex RH6 0PA

Registered in England and Wales  
Registration number 00980675



Please read the following notes and the explanation of the resolutions before deciding how to vote.

## Notes

As explained on the first page of this Notice (page 155), shareholders are not permitted to attend the AGM following the recent public health guidance and legislation issued by the UK Government in response to the current outbreak of COVID-19. Shareholders should appoint the Chair of the meeting to be his/her proxy at the meeting, given that no shareholders other than the minimum number of shareholders required to ensure that the meeting is quorate will be permitted to attend the meeting.

### 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 13 July 2020 (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.

In line with the AGM arrangements in the context of the COVID-19 pandemic on page 155, shareholders are not entitled to attend the AGM in person unless notified otherwise. The following notes on the appointment of proxies are only applicable if shareholders have been notified that they can attend the AGM.

### 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](http://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 also be able to attend, speak or vote on your behalf.
3. Shareholders can:
  - ▶ appoint a proxy and give proxy instructions by returning a proxy form (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 proxy form can be requested from the registrars, as explained in note 26 below. To be valid any proxy form 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 13:00 on 13 July 2020 (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 proxy form 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 proxy form.

## Notice of Annual General Meeting *continued*

### Notes *continued*

#### Appointment of proxies *continued*

6. Shareholders may appoint a proxy electronically by visiting [www.signalshares.com](http://www.signalshares.com). To be valid, your proxy appointment and instructions should reach the Company's registrars by 13:00 on 13 July 2020 (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](http://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.
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](http://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 13:00 on 13 July 2020 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](http://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.

**Notes continued****Appointment of proxies** *continued*

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](http://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 13:00 on 13 July 2020.

**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. Such representative(s) should deliver to the Company at the AGM a certified copy of the resolution authorising him or them before exercising such powers.

## Notice of Annual General Meeting *continued*

### Notes *continued*

#### Right to ask questions

In line with the AGM arrangements in the context of the COVID-19 pandemic on page 155, shareholders are not entitled to attend the AGM in person unless notified otherwise. The following note on the right to ask questions is only applicable if shareholders have been notified that they can attend the AGM.

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 15 May 2020, being the last practicable day before publication of this Notice, the Company's issued share capital was 53,525,293 ordinary shares of 1p each, each carrying one vote. The total number of voting rights in the Company as at 15 May 2020 is therefore 53,525,293.

#### Voting on a poll

20. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. 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.

#### Information available on website

23. Copies 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](http://www.airpartner.com).

#### 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 auditors 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.

**Notes** *continued***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 registrars, Link Asset Services, by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk), or you may call Link on (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link Asset Services are open between 09:00 – 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 2020.

### Resolution 2 – Directors' remuneration

In accordance with the Act, the Company proposes resolution 2 as an ordinary resolution to approve the Directors' Remuneration Report, excluding the summary of the Directors' Remuneration policy set out on pages 71 to 75 of the Directors' Remuneration Report, for the financial year ended 31 January 2020. The Directors' Remuneration Report is set out on pages 69 to 82 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.

### Resolutions 3 to 7 – Directors

In accordance with the 2018 UK Corporate Governance Code (Code), all Directors shall be subject to annual election by shareholders and accordingly all Directors are submitting themselves for re-election by shareholders.

Each of resolutions 3 to 7 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 Code. Accordingly, the Board considers Ed Warner, Amanda Wills and Paul Dollman to be independent in accordance with provision 10 of the Code.

The biographies of the Directors who are seeking re-election are included in the Annual Report and Accounts on page 59.



## Resolutions 8 and 9 – Auditors

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 AGM. The Audit and Risk Committee has reviewed PricewaterhouseCoopers LLP's performance as auditors of the Company during the year and has recommended to the Board that they be reappointed. The Board is careful that the auditors' independence should not be compromised and the Audit and Risk Committee takes responsibility for reviewing the performance of the auditors and making recommendations about the scope of their work and fee proposals. PricewaterhouseCoopers LLP have indicated that they are willing to continue as the Company's auditors for another year. Accordingly, resolution 8 proposes the reappointment by members of PricewaterhouseCoopers LLP as auditors of the Company until the conclusion of the Company's AGM in 2021.

Resolution 9 requests authority for the Audit and Risk Committee of the Board to determine the remuneration of the auditors.

## Resolution 10 – 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 general meeting of the Company held on 25 November 2019 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 10(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 £178,418. This represents 17,841,764 ordinary shares of 1p each, which is approximately one third of the Company's issued ordinary share capital as at 15 May 2020, (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 10(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 £178,418 (representing 17,841,764 ordinary shares of 1p each). This amount represents a further one third of the Company's issued ordinary share capital as at 15 May 2020, (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 2021, or at 18:00 on 15 October 2021, 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.

## Explanation of the resolutions to be proposed at the AGM *continued*

### Resolutions 11 and 12 – Disapplication of pre-emption rights

Resolutions 11 and 12 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 10, 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 11 shall only be used in connection with a pre-emptive offer, or otherwise up to an aggregate nominal amount of £26,763, being approximately 5% of the total issued ordinary share capital of the Company (excluding treasury shares) as at 15 May 2020.

In addition to the authority provided by resolution 11, 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 12 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 10, or sell treasury shares, for cash up to a further nominal amount of £26,763, being approximately 5% of the total issued ordinary share capital of the Company as at 15 May 2020, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or sale, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment or sale.

If these resolutions are passed, the authorities will expire at the end of the conclusion of the next AGM of the Company to be held in 2021 or at 18:00 on 15 October 2021, whichever is the earlier. The Board considers the authorities in resolutions 11 and 12 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 13 – Purchase of own shares

Resolution 13 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 15 May 2020, being 5,352,529 ordinary shares. The authority requested would replace a similar authority granted last year and would expire at the end of the next AGM of the Company to be held in 2021 or at 18:00 on 15 October 2021, whichever is the earlier.

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 whilst 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.

No shares were repurchased and cancelled during the period 1 February 2019 to 31 January 2020. Options to subscribe for 1,336,759 ordinary shares were outstanding under the Company's share schemes as at 31 January 2020, representing 2.5% of the issued ordinary share capital at that date. If the authority given by this resolution 13 were to be fully used, the options currently in issue would then represent 2.8% of the issued ordinary share capital of the Company.

## Resolution 14 – Notice of general meetings

Resolution 14 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 conclusion of the next AGM of the Company to be held in 2021.

### 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 and return 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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## Shareholder information

# Company information

Air Partner plc is registered in England and Wales, no. 980675. VAT registration no. GB 771 9226 12

### Head Office

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### Share registrars

Link Asset Services

### Shareholder enquiries

Telephone: 0371 664 0300

(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.)

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Air Partner plc's commitment to environmental issues is reflected in this Annual Report which has been printed on Arcoprint, an FSC<sup>®</sup> certified material.

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