

AIR CHARTER SERVICE GROUP LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDING 31 JANUARY 2018

Company registered number: 04028491

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THE BOARD OF DIRECTORS

**CHRISTOPHER
LEACH**
Chairman



JUSTIN BOWMAN
Chief Executive Officer



RUAN COURTNEY
Chief Operating Officer



STEWART PITT
Group Finance Director



JUSTIN LANCASTER
Group Commercial Director



WILLIAM CHRISTIE
Group Executive Jets Director



**REGISTERED
OFFICE**
Millbank House
171-185 Ewell Road
Surbiton
Surrey
KT6 6AP

**REGISTERED
NUMBER**
04028491

AUDITOR
KPMG LLP
15 Canada Square
London
E14 5GL

**COMPANY
SECRETARY**
Omar Saeed



Our passenger business “showed strong growth, with turnover of our Executive Jets department up 25% and our Commercial Jets up 26%. Our Cargo division turnover increased 59% as the group was involved in a number of large projects during the year”.

CHAIRMAN'S STATEMENT

I am very pleased to report on a strong set of results for the year, with group turnover up 39% on last year to £476m. The Board continues to pursue a number of strategies, all directed at our overall goal – to become the leading air charter company in the world.

We operate in the private jet market, cargo charter market and are also involved in the charter of large passenger airliners. These areas of endeavour are supported with ancillary services for our customers with concierge services, courier accompanied shipments, and group travel bookings respectively. These activities help to serve our customers' needs in a slightly broader way. Being a customer led business has we believe contributed to these outstanding figures.

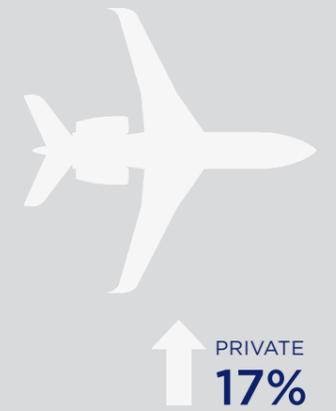
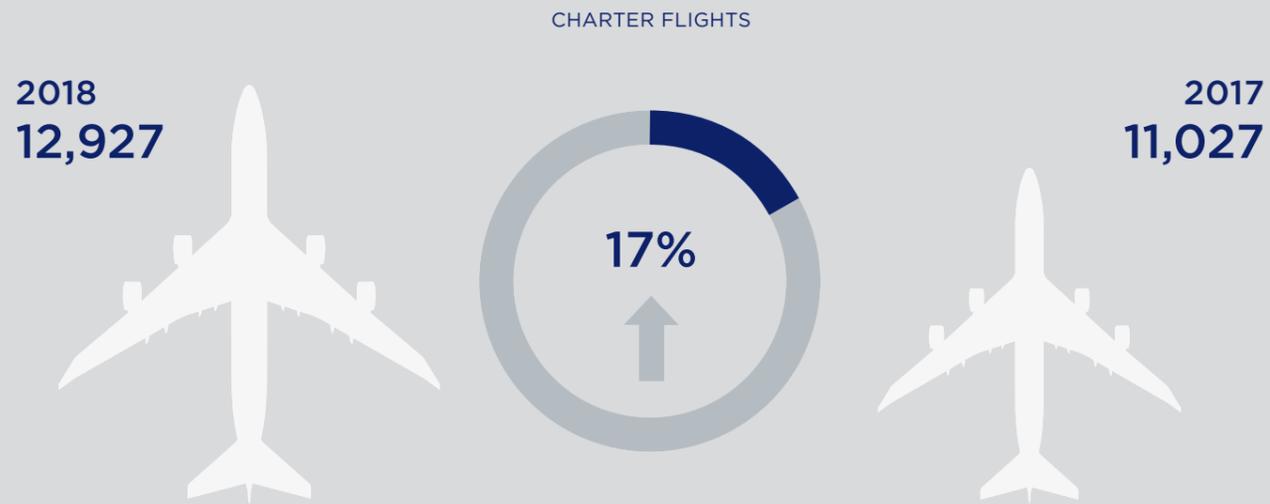
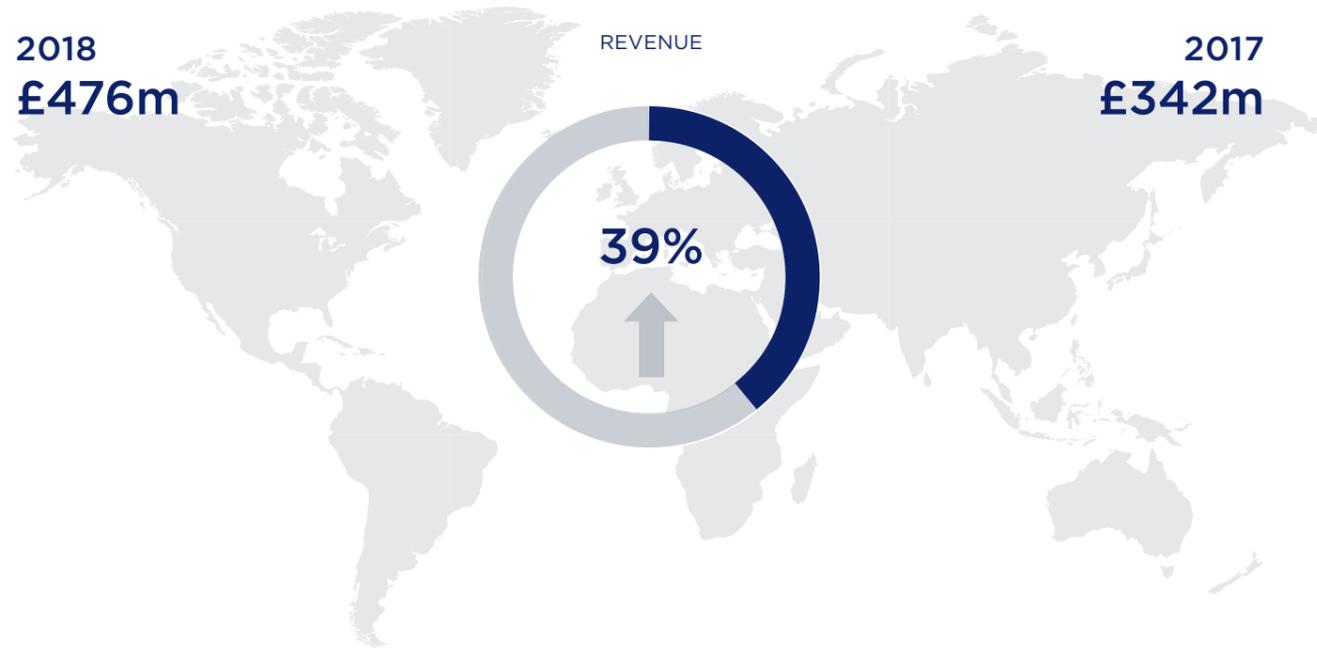
Our passenger business showed strong growth, with turnover of our Executive Jets department up 25% and our Commercial Jets up 26%. Our Cargo division turnover increased 59% as the group was involved in a number of large projects during the year.

Our EBITDA profit of £13.4m (excluding foreign exchange) is significantly up on last year (£6.9m), as sales growth was accompanied by improved back office efficiency. We continue to invest in technology, marketing and the recruitment and training of new staff.

The group retains a strong balance sheet - our cash position at the year end was just over £20m, including £3m from our Jetcard customers which we hold in separate bank accounts on behalf of our clients.

Christopher Leach
Chairman

4th July 2018.



Around the world, at least one ACS flight takes off each hour of every day.



STRATEGIC REPORT

BUSINESS REVIEW

The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker and will continue to be so for the foreseeable future.

The results for the year are set out in the consolidated income statement on page 10 of these financial statements and a review can be found in the Chairman's statement.

The Group's financial and non-financial KPIs were as follows:

	2018	2017
Gross profit	£57.3m	£41.9m
EBITDA (excluding foreign exchange differences)	£13.4m	£6.9m
Charter flights	12,927	11,027

RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of group policies and procedures which are subject to board approval and ongoing review by management. Risks are monitored and mitigated through regular review of financial performance at Board level and the use of professional advisors where appropriate. Further details of the Group's financial risk management objectives and policies are included in note 16 to the accounts.

Given the ad-hoc nature of the air charter market, forward visibility is limited as our clients book charter flights on relatively short notice. Working capital requirements can fluctuate significantly due to variations in client and supplier payment terms from one period to the next. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

There have been no significant events since the end of the financial year.

Approved by the Board of Directors on 6th July 2018.

A handwritten signature in black ink that reads "Stewart Pitt".

Stewart Pitt
Director



As a global organisation we are guided by both our corporate values and ethical policies.

DIRECTORS' REPORT

The directors present their report and the financial statements of the Group for the year ended 31 January 2018.

RESULTS AND DIVIDENDS

Profit after taxation for the period was £9.4 million (2017: £4.9 million) and dividends paid during the year were £7.8 million (2017: £2.6 million).

There were no political donations during the current or prior period.

DIRECTORS

The directors who served the company during the year were as follows:

Christopher Leach
Christine Leach (resigned 3 October 2017)
Justin Bowman
Ruan Courtney
Stewart Pitt
Justin Lancaster
William Christie
Tamsin Simmons (resigned 15 September 2017)

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 to set out within the group's strategic report that information required by Schedule 7 of the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

GOING CONCERN

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at date of approval of this report confirm that in so far as the directors are each aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

OTHER INFORMATION

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year end have been included in the Strategic Report on page 2.

AUDITOR

KPMG LLP was appointed as auditor during this period and have expressed their willingness to continue in office and a resolution approving the re-appointment of them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 6th July 2018.

Stewart Pitt
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT
AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



From having just 15 people
in 2001, we now employ
more than 400 worldwide
who all receive our
award-winning training
at the UK head office.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR CHARTER SERVICE GROUP LIMITED

OPINION

We have audited the financial statements of Air Charter Service Group Limited ("the company") for the year ended 31 January 2018 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash flows, and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Steve Masters (Senior Statutory Auditor)

For and on behalf of
KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL

6th July 2018.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

FINANCIAL
STATEMENTS



CONSOLIDATED STATEMENT OF
PROFIT AND LOSS AND COMPREHENSIVE INCOME

GROUP	Note	2018 £'000	2017 £'000
REVENUE	2	475,527	341,648
Cost of sales		(418,203)	(299,760)
GROSS PROFIT		57,324	41,888
Administrative expenses		(46,088)	(36,237)
OPERATING PROFIT	3	11,236	5,651
Finance income		14	14
Finance costs		(112)	(58)
PROFIT BEFORE TAX		11,138	5,607
Tax	6	(1,761)	(679)
PROFIT FOR THE YEAR		9,377	4,928
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(191)	310
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,186	5,238

Profit for the year attributable to:

Equity holders of the parent		9,336	4,883
Non-Controlling Interests		41	45
		9,377	4,928

Total comprehensive income for the year attributable to:

Equity holders of the parent		9,165	5,193
Non-Controlling Interests		21	45
		9,186	5,238

The results for the current and prior year are derived from continuing operations.
The accompanying notes on pages 30 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Note	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,135	2,375
Intangible assets and goodwill	11	1,092	744
Deferred tax asset	7	417	151
Total non-current assets		3,644	3,270
Current assets			
Trade and other receivables	13	35,869	42,648
Current tax asset		425	419
Cash and cash equivalents	8	20,481	13,364
Total current assets		56,775	56,431
TOTAL ASSETS		60,419	59,701
LIABILITIES			
Non-current liabilities			
Deferred tax liability	7	(83)	(154)
Provisions	15	(199)	(199)
Total non current liabilities		(282)	(353)
Current liabilities			
Trade and other payables	14	(46,769)	(46,213)
Short term trade loan	17	-	(2,126)
Current tax liabilities		(674)	(321)
Provisions	15	(598)	-
Total current liabilities		(48,041)	(48,660)
TOTAL LIABILITIES		(48,323)	(49,013)
NET ASSETS		12,096	10,688
EQUITY			
Called up share capital	19	236	236
Share premium account		290	290
Translation reserve		(227)	(56)
Retained earnings		11,683	10,098
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		11,982	10,568
Non-Controlling Interest		114	120
TOTAL EQUITY		12,096	10,688

The accompanying notes on pages 30 to 47 form part of these financial statements.
These financial statements were approved by the Board of Directors and authorised for issue on 6th July 2018.

Signed on behalf of the Board by:

Stewart Pitt



Company registration number: 04028491



COMPANY	Note	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Investments in subsidiaries	12	3,136	2,886
Current assets			
Trade and other receivables	13	3,456	2,451
Cash and cash equivalents		4	-
TOTAL ASSETS		6,596	5,337
LIABILITIES			
Current liabilities			
Trade and other payables	14	(2,158)	(1,840)
Current tax liabilities		-	-
Total liabilities		(2,158)	(1,840)
NET ASSETS		4,438	3,497
EQUITY			
Called up share capital	19	236	236
Share premium account		290	290
Own shares	20	(48)	(48)
Retained earnings		3,960	3,019
TOTAL EQUITY		4,438	3,497

The accompanying notes on pages 30 to 47 form part of these financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 6th July 2018.

Signed on behalf of the Board by:

Stewart Pitt

Company registration number: 04028491

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share Premium Account £'000	Share Option Reserve £'000	Translation Reserve £'000	Own Shares £'000	Retained Earnings £'000	Total £'000	Non- Controlling Interest £'000	Total Equity £'000	
CURRENT YEAR									
AT 1 FEBRUARY 2017	236	290	-	(56)	-	10,098	10,568	120	10,688
Total comprehensive									
Profit for the year	-	-	-	-	9,336	9,336	41	9,377	
Other comprehensive	-	-	-	(171)	-	(171)	(20)	(191)	
Total comprehensive income	-	-	-	(171)	9,366	9,165	21	9,186	
Transactions with owners:									
Dividends paid	-	-	-	-	(7,751)	(7,751)	-	(7,751)	
Purchase of shares (Non controlling interest)	-	-	-	-	-	-	(27)	(27)	
Total transactions with owners	-	-	-	-	(7,751)	(7,751)	(27)	(7,778)	
AT 31 JANUARY 2018	236	290	-	(227)	11,683	11,982	114	12,096	
PRIOR YEAR									
At 1 February 2016	236	290	242	(366)	(349)	7,861	7,914	63	7,977
Total comprehensive income:									
Profit for the year	-	-	-	-	4,883	4,883	45	4,928	
Other comprehensive	-	-	-	310	-	310	12	322	
Total comprehensive income	-	-	-	310	4,883	5,193	57	5,250	
Transactions with owners:									
Dividends paid	-	-	-	-	(2,596)	(2,596)	-	(2,596)	
Fair value cost of options	-	-	35	-	-	35	-	35	
Fair value of options	-	-	(277)	-	-	(277)	-	(277)	
Movement in own shares	-	-	-	349	(50)	299	-	299	
Total transactions with owners	-	-	(242)	349	(2,646)	(2,539)	-	(2,539)	
AT 31 JANUARY 2017	236	290	-	(56)	10,098	10,568	120	10,688	

The accompanying notes on pages 30 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY



COMPANY	Share Capital £'000	Share Premium Account £'000	Share Option Reserve £'000	Own Shares £'000	Retained Earnings £'000	Total £'000
CURRENT YEAR						
AT 1 FEBRUARY 2017	236	290	-	(48)	3,019	3,497
Total comprehensive income:						
Profit for the year	-	-	-	-	8,692	8,692
Total comprehensive income	-	-	-	-	8,692	8,692
Transactions with owners:						
Dividends paid	-	-	-	-	(7,751)	(7,751)
Total transactions with owners	-	-	-	-	(7,751)	(7,751)
AT 31 JANUARY 2018	236	290	-	(48)	3,960	4,438
PRIOR YEAR						
AT 1 FEBRUARY 2016	236	290	215	(349)	2,412	2,804
Total comprehensive income:						
Profit for the year	-	-	-	-	3,254	3,254
Total comprehensive income	-	-	-	-	3,254	3,254
Transactions with owners:						
Dividends paid	-	-	-	-	(2,596)	(2,596)
Fair value cost of options	-	-	35	-	-	35
Fair value of options exercised	-	-	(250)	-	250	-
Movement in own shares	-	-	-	301	(301)	-
Total transactions with owners	-	-	(215)	301	(2,647)	(2,561)
AT 31 JANUARY 2017	236	290	-	(48)	3,019	3,497

The accompanying notes on pages 30 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2018 £'000	2017 £'000
RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS		
Profit for the year	9,377	4,928
Taxation	1,761	679
Financial income	(14)	(14)
Financial costs	112	58
Depreciation and amortisation	1,430	1,206
(Profit) / Loss on disposal of property, plant & equipment	(26)	2
Foreign exchange difference	(191)	334
Share based payment expense	-	35
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAP-	12,449	7,228
Decrease / (Increase) in receivables	6,778	(12,587)
Increase in payables	556	9,515
Increase in provisions	598	-
CASH GENERATED FROM OPERATIONS	20,381	4,156
Tax paid	(1,749)	(1,501)
NET CASH GENERATED FROM OPERATING ACTIVITIES	18,632	2,655
INVESTING ACTIVITIES		
Interest received	13	14
Proceeds on sale of plant, property and equipment	29	-
Purchases of plant, property and equipment	(676)	(881)
Acquisition of subsidiary undertakings	(233)	-
Purchases of intangibles	(680)	(356)
NET CASH USED IN INVESTING ACTIVITIES	(1,547)	(1,223)
FINANCING ACTIVITIES		
Trade loan (repayments) / proceeds	(2,126)	2,126
Interest paid	(112)	(58)
Net proceeds from shares issued	21	21
Dividends paid	(7,751)	(2,596)
NET CASH USED IN FINANCING ACTIVITIES	(9,968)	(507)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,117	925
Cash and cash equivalents at the beginning of the year	13,364	12,439
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20,481	13,364

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 30 to 47 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

COMPANY	2018 £'000	2017 £'000
Profit for the year	8,692	3,254
Tax charge	-	(23)
Reversal of impairment	-	(337)
Increase in receivables	(1,005)	(1,883)
Increase in payables	317	1,597
CASH USED FROM OPERATIONS	8,004	2,608
Tax paid	-	(44)
NET CASH USED OPERATING ACTIVITIES	8,004	2,564
INVESTING ACTIVITIES		
Investment in subsidiaries	(249)	-
Disposal proceeds	-	30
NET CASH FROM INVESTING ACTIVITIES	(249)	30
FINANCING ACTIVITIES		
Dividends paid	(7,751)	(2,596)
NET CASH USED IN FINANCING ACTIVITIES	(7,751)	(2,596)
NET DECREASE IN CASH AND CASH EQUIVALENTS	4	(2)
Cash and cash equivalents at the beginning of the year	-	2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	-

Cash and cash equivalents represent the sum of the company's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

The accompanying notes on pages 30 to 47 form part of these financial statements.

NOTES TO
THE FINANCIAL
STATEMENTS



1. ACCOUNTING POLICIES

Basis of accounting

Air Charter Service Group Limited is an unlisted limited company incorporated and registered in England. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as interpreted by any regulatory bodies applicable to the company as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

The registered office of the company is Millbank House, 171-185 Ewell Road, Surbiton, Surrey, KT6 6AP. The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker.

In accordance with the exemptions permitted by Section 408 of the Companies Act 2006 the income statement of the company has not been presented. In the accounts of the company the profit for the financial year amounted to £8.7m (2017: £3.2m profit).

Going concern

Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2018. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

The Group consolidated financial statements incorporate the financial statements of Air Charter Service Group Limited and its subsidiary undertakings. As permitted by Companies Act 2006, a separate income statement is not presented in respect of the company.

Key accounting judgements and sources of estimation uncertainty

The Group makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 January 2018 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Revenue recognition

The revenue shown in the income statement represents revenue in respect of flights undertaken during the year, exclusive of Value Added Tax. Revenue is recognised when a flight commences as the economic benefits are deemed to have passed to the customer at this point. Revenue on multi-sector charters is recognised on commencement of the first sector. Amounts invoiced to customers in respect of future flights are deferred at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of an asset, over their estimated useful lives, using the straight-line method as follows:

Leasehold improvements	over the period of the leases
Motor vehicles	25% per annum straight line
Fixtures and fittings	25% per annum straight line
Computer equipment	33% or 20% per annum straight line

Residual values and useful economic lives are reviewed annually. Property, plant and equipment are assessed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an impairment review is deemed necessary, it is performed in accordance with the policies set out below.

Impairment of tangible and intangible assets

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

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 and the impairment loss is recognised as an expense immediately.

1. ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

When 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 as income immediately.

Amortisation costs are included in the income statement within administrative expenses.

Investments

Investments are stated at cost less any provision for impairment in value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The Group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable 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 difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities

in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. During the year the Group acted on behalf of clients subscribing to its Jetcard product, holding advance payments made in anticipation of future bookings within separately designated bank accounts established for this purpose. At the year end, the Group held cash for members of the Scheme amounting to £3.2 million (2017: £2.5 million) which is designated 'restricted cash' (see note 8).

1. ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities and equity (continued)

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the translation based on a monthly average rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling 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 ruling at the date of the transaction.

Financial statements of foreign operations

On consolidation the assets and liabilities of overseas foreign operations are translated at exchange rates prevailing at the balance sheet 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. On disposal of a foreign entity, the deferred accumulated amount recognised in equity relating to that particular foreign operation is recognised in the income statement. The Group has taken advantage of the exemption conferred by IFRS1 not to fully retrospectively apply IAS 21. The gain or loss on disposal of these operations therefore excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Functional and presentation currency

The historical financial information is presented in Pounds Sterling and in round thousands, which is the Group's functional and presentation currency.

Intangible assets

Intangible assets (software development costs) are stated at cost, net of amortisation and any recognised impairment loss. Amortisation is calculated so as to write off the cost of an asset over its estimated useful life of 3 years.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised at cost and subsequently measured at cost less impairment losses.

2. REVENUE

Analysis of the Group's revenue, based on the location of assets used to generate revenue, is as follows:

	2018 £'000	2017 £'000
UK	112,303	94,723
Americas	101,036	69,351
Europe	75,331	50,045
Rest of world	186,857	127,529
	475,527	341,648

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2018 £'000	2017 £'000
Staff costs (note 4)	28,248	22,372
(Profit) / Loss on disposal of property, plant & equipment	(26)	2
Depreciation of owned fixed assets	916	825
Amortisation of intangible assets	514	381
Operating lease costs	3,227	3,016
Foreign exchange losses / (gains)	791	(28)

Auditor's remuneration

Amounts paid to the auditors of the company:

	2018 £'000	2017 £'000
Audit of these financial statements	27	25
Audit of subsidiaries	111	113
Non audit services	52	210
	190	348
Audit fees paid to other audit firms	56	40

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2018 No.	2017 No.
Sales	276	230
Non-sales	110	109
Total	386	339

The aggregate payroll costs of the above were:

	2018 £'000	2017 £'000
Wages and salaries	25,275	19,798
Share based payments	-	35
Social security costs	2,651	2,199
Other pension costs	322	340
Total	28,248	22,372

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2018 £'000	2017 £'000
Emoluments receivable	1,444	1,359
Value of company pension contributions to money purchase schemes	36	86
Share based payments	-	10
Total	1,480	1,455

Emoluments of highest paid director:

Total emoluments	351	321
Value of company pension contributions to money purchase schemes	-	7
Total	351	328

	2018 No.	2017 No.
Number of directors who accrued benefits under a money purchase pension scheme:	6	8

The directors are considered the key management personnel of the Group within the definition set out in IAS24.

6. TAXATION ON ORDINARY ACTIVITIES

The tax charge comprises:

	2018 £'000	2017 £'000
(a) Tax charge:		
In respect of the year:		
UK Corporation tax	-	-
Adjustment in respect of prior years	(33)	(61)
Foreign tax	2,131	788
Total current tax	2,098	727
Deferred tax (Note 7)	(337)	(48)
TAX ON PROFIT ON ORDINARY ACTIVITIES	1,761	679

(b) Reconciliation of tax charge to profit per income statement:

Profit before taxation	11,138	5,607
Taxation at UK corporation tax rate of 19.2% (2017:20%)	2,134	1,121
Effects of:		
Deduction for options exercised	-	(395)
Group relief	(437)	-
UK and overseas taxes at differing rates	205	101
Adjustment in respect of prior years	(33)	(61)
Recognition of previously unrecognised tax losses	(107)	-
Utilisation of previously unrecognised tax losses	(59)	(87)
Tax losses not recognised	58	-
TOTAL TAX (NOTE 6A)	1,761	679

6. TAXATION ON ORDINARY ACTIVITIES (continued)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was substantively enacted on 6 September 2016 to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future tax charge accordingly. The deferred tax assets & liabilities at the balance sheet date have been calculated based on a rate of 18%. There are unused tax losses carried forward within the Group of £1.0 million (2017: £2.2 million) for which no deferred tax asset has been recognised.

7. DEFERRED TAX

(a) Deferred tax credit / (charge)

	Share based payment £'000	Other timing differences £'000	Overseas tax losses £'000	Total £'000
CURRENT YEAR				
At 1 February 2017	-	-	(03)	(3)
Credit to the income statement	273	-	64	334
AT 31 JANUARY 2018	273	-	61	334
PRIOR YEAR				
At 1 February 2016	-	115	(166)	(51)
Credit / (charge) to the income statement	-	(115)	163	48
AT 31 JANUARY 2017	-	-	(3)	(3)

(b) Deferred tax assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
Losses carried forward			
At 1 February 2017	-	-	-
Credit to the income statement	273	-	273
AT 31 JANUARY 2018	273	-	273
Other timing differences			
At 1 February 2017	115	(154)	(3)
Credit / (charge) to the income statement	(7)	71	64
AT 31 JANUARY 2018	144	(83)	61
Total			
At 1 February 2017	151	(154)	(3)
Credit to the income statement	266	71	337
AT 31 JANUARY 2018	417	(83)	334



8. CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Restricted cash	3,220	2,491
Other cash and cash equivalents	17,261	10,873
	20,481	13,364

The Group has certain bank accounts for the sole purpose of holding client deposits in relation to the Group's Jetcard product. These accounts are held separately from the group's trading accounts and (under contract with customers) are not used in funding the Group's working capital requirements and are therefore designated 'restricted cash'.

9. DIVIDENDS

	2018 £'000	2017 £'000
Equity dividends on ordinary shares	7,751	2,596

10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold improvement £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
CURRENT YEAR					
Cost					
At 1 February 2017	2,535	1,356	289	3,524	7,704
Additions	281	114	-	281	676
Disposals	-	(110)	(97)	(820)	(1,027)
AT 31 JANUARY 2018	2,816	1,360	192	2,985	7,353
Depreciation					
At 1 February 2017	1,138	979	191	3,021	5,329
Charge for the year	398	143	50	325	916
Disposals	-	(110)	(97)	(820)	(1,027)
AT 31 JANUARY 2018	1,536	1,012	144	2,526	5,218
Net Book Value					
At 1 February 2017	1,397	377	98	503	2,375
AT 31 JANUARY 2018	1,280	348	48	459	2,135
PRIOR YEAR					
Cost					
At 1 February 2016	2,064	1,249	289	3,260	6,862
Additions	472	126	-	283	881
Disposals	(1)	(19)	-	(19)	(39)
AT 31 JANUARY 2017	2,535	1,356	289	3,524	7,704
Depreciation					
At 1 February 2016	787	871	132	2,740	4,530
Charge for the year	352	125	59	289	825
Disposals	(1)	(17)	-	(8)	(26)
AT 31 JANUARY 2017	1,138	979	191	3,021	5,329
Net Book Value					
At 1 February 2016	1,277	378	157	520	2,332
AT 31 JANUARY 2017	1,397	377	98	503	2,375

The company did not hold any property, plant and equipment.

11. INTANGIBLE ASSETS

	Software £'000	Goodwill £'000	Total £'000
CURRENT YEAR			
At 1 February 2017	744	-	744
Purchase	680	185	865
Disposal	(3)	-	(3)
Amortisation	(514)	-	(514)
AT 31 JANUARY 2018	907	185	1,092
PRIOR YEAR			
Purchase	769	-	769
Disposal	356	-	356
Amortisation	(381)	-	(381)
AT 31 JANUARY 2018	744	-	744

The company did not hold any intangible assets.

IAS 36 requires that an annual impairment review be conducted in relation to Goodwill, regardless of whether there are any indications of impairment. Based on review of expected cashflows from the additional shares in the subsidiary acquired during the year, management did not identify any impairment.

12. INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary undertakings £'000
CURRENT YEAR:	
Cost and Net book value	
At 1 February 2017	2,886
Additions	250
AT 31 JANUARY 2018	3,136
PRIOR YEAR:	
Cost and Net book value	
At 1 February 2016	2,545
Capital contribution	35
Disposal	(30)
Reversal of impairments	336
AT 31 JANUARY 2017	2,886

12. INVESTMENTS IN SUBSIDIARIES (continued)

SUBSIDIARIES	Country of registration	Holding	%	Prior year %	Principal Activity
Air Charter Service Limited	England	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS Air Charter Service (Canada) Corp.	Canada	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service GmbH	Germany	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS Afretamento Aereo Ltda	Brazil	Ordinary shares	100%	100%	Leasing and chartering aircraft
Kingston Aviation Holdings Limited	England	Ordinary shares	100%	100%	Dormant
Air Charter Service LLC	Russia	Ordinary shares	75%	75%	Leasing and chartering aircraft
Air Charter Service Inc	USA	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service California Inc	USA	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service FZCO	Dubai	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service (HK) Ltd	Hong Kong	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Global Business Services (Beijing) Co. Ltd	China	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS España Servicios de Charter Aéreo SLU	Spain	Ordinary shares	100%	100%	Leasing and chartering aircraft
Aircraft Chartering Services SAS	France	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS Air Charter (Pty) Limited	S Africa	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS Air Charter Service India Private Ltd	India	Ordinary shares	85%	74%	Leasing and chartering aircraft
Air Charter Service (ACS) Switzerland SA	Switzerland	Ordinary shares	100%	100%	Leasing and chartering aircraft
ACS (Texas) Air Charter Service Inc	USA	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service (Florida) Inc	USA	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service (Aust) Pty Ltd	Australia	Ordinary shares	100%	100%	Leasing and chartering aircraft
Air Charter Service Transport Ltd	England	Ordinary shares	100%	100%	Dormant
ACS Air Charter Service International Ltd	Ireland	Ordinary shares	100%	100%	Dormant
Held by Kingston Aviation Holdings Limited:	England	Ordinary shares	100%	100%	Trustee Company
Held by Air Charter Service Limited	England	Ordinary shares	100%	100%	Dormant
Held by Air Charter Service LLC:	Kazakhstan	Ordinary shares	75%	75%	Leasing and chartering aircraft

The funding arrangements for subsidiaries are generally arranged through the Company. The Directors have considered the carrying value of the company's investments in its subsidiaries at the year end having taken account of the net assets of each subsidiary, current trading activity and forecast future results. Based on the results of this review, they have recognised an impairment within the carrying value of certain of the investments of £301,000 (2017: £301,000) and a provision against loans due from subsidiaries of £1,016,000 (2017: £730,000). This impairment does not impact upon the consolidated income statement of the group.



12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

ADDRESSES OF SUBSIDIARY UNDERTAKINGS:

Air Charter Service Limited	1171-185 Ewell Road, Surbiton, Surrey, UK
ACS Air Charter Service (Canada) Corp.	171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service GmbH	Lyoner Strasse 14, 60528 Frankfurt am Main, Germany
ACS Afretamento Aereo Ltda	411, 5th Floor, Sala 13, Vila Olympia, Sao Paulo, Brazil
Kingston Aviation Holdings Limited	171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service LLC	121609 Krylatskie Kholmy St, 5, Building 1, Moscow, Russia
Air Charter Service Inc	1055 RXR Plaza, Uniondale, New York, NY 11556, USA
Air Charter Service California Inc	11150 Santa Monica Blvd, Los Angeles, CA 90025, USA
Air Charter Service FZCO	DAFZA West Wing Building 4WB/241, Dubai, UAE
Air Charter Service (HK) Ltd	25 The Cameron, 33 Cameron Rd, Kowloon, Hong Kong
Air Global Business Services (Beijing) Co. Ltd	Room 2005, Jian Wai Soho 39, Chao Yang, Beijing, China
ACS España Servicios de Charter Aéreo SLU	Calle Pedro, Teixeira 8, Planta 8, Madrid, 28020, Spain
Aircraft Chartering Services SAS	82 Rue Beaubourg, Paris, 75003, France
ACS Air Charter (Pty) Limited	7 Aldbury Park, Hyde Park 2196, Johannesburg, South Africa
ACS Air Charter Service India Private Ltd	Notan Heights, 10th Floor, 20 Guru Nanak Road, Mumbai, India
Air Charter Service (ACS) Switzerland SA	WTC II, 29 Route de pre Bois, Geneva, 1215, Switzerland
ACS (Texas) Air Charter Service Inc	515 Post Oak Blvd. Suite 710, Houston, TX 77027, USA
Air Charter Service (Florida) Inc	2 S.Biscayne Blvd, Suite 3770, Miami, FL 33131, USA
Air Charter Service (Aust) Pty Ltd	Level 13, Citigroup Building, 2 Park Street, NSW 2000, Australia
Air Charter Service Transport Ltd	171-185 Ewell Road, Surbiton, Surrey, UK
ACS Air Charter Service International Ltd	4th Floor Harmony Court, Harmony Rd, Dublin 2, Ireland
Air Charter Service Trustee Company Ltd	171-185 Ewell Road, Surbiton, Surrey, UK
Air Courier Service Limited	171-185 Ewell Road, Surbiton, Surrey, UK
Air Charter Service Kazakhstan LLP	17A, Fonvizin Street, Almaty, 050051, Kazakhstan

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	27,527	31,765	-	-
Amounts owed by Parent undertakings	1,861	4,179	83	83
Amounts owed by subsidiaries	-	-	3,373	2,368
Other debtors	1,251	1,164	-	-
Prepayments and accrued income	5,230	5,540	-	-
	35,869	42,648	3,456	2,451

No interest is charged on receivables and amounts owed are repayable on demand. The directors consider the carrying amount of receivables approximates to their fair value.

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade payables	12,618	11,442	-	-
Amounts owed to Parent undertakings	-	1,700	-	1,670
Amounts owed to subsidiaries	-	-	2,158	170
Other taxation and social security	398	342	-	-
Accruals and deferred income	33,012	32,552	-	-
Other creditors	741	177	-	-
	46,769	46,213	2,158	1,840

No interest is charged on payables and amounts owed are repayable on demand. The directors consider the carrying amount of payables approximates to their fair value.

15. PROVISIONS

NON-CURRENT LIABILITIES	Total £'000
CURRENT YEAR:	
At 1 February 2017	199
Increase in provisions	-
AT 31 JANUARY 2018	199
PRIOR YEAR:	
At 1 February 2016	199
AT 31 JANUARY 2017	199

The provision relates to the restoration of leasehold properties, principally the UK head office in Surrey, upon which the lease expires in 2025 which is when the restoration costs can reasonably be expected to be paid out. The head office lease includes a break clause in 2019, which could result in restoration costs being incurred at this earlier stage. The provision has been estimated through consultation with an external construction firm.

15. PROVISIONS (continued)

CURRENT LIABILITIES	Total £'000
CURRENT YEAR:	
At 1 February 2017	-
Charge	598
AT 31 JANUARY 2018	598
PRIOR YEAR:	
At 1 February 2016	-
AT 31 JANUARY 2017	-

The group has provided in full for a legal claim of £598,000 which was upheld by the court in France after the year end. The group is appealing the ruling and confident of its case. However, in light of the current court ruling, a full provision is being carried against the claim.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are bank balances, trade and other receivables, trade and other payables. The Group holds financial instruments in order to finance its operations, manage exposure to related risks and to ensure that adequate levels of working capital exist for the ongoing business.

Capital management

The Group's objectives when managing capital (i.e. equity and borrowings) 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 and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value of financial instruments

	2018 Carrying amount £'000	2018 Fair value £'000	2017 Carrying amount £'000	2017 Fair value £'000
FINANCIAL ASSETS				
Cash and cash equivalents	20,481	20,481	13,364	13,364
Trade and other receivables	35,869	35,869	42,648	42,648
	56,350	56,350	56,012	56,012
FINANCIAL LIABILITIES				
Trade and other payables	46,759	46,759	46,213	46,213
Short term trade loan	-	-	2,126	2,126
Provisions	797	797	199	199
	47,566	47,566	48,538	48,538

Credit risk

Credit risk predominantly arises from trade receivables. The level of credit provided to customers is reviewed on a regular basis by the directors. Internal procedures for providing credit terms take account of external credit agency information, the customer's reputation in the industry and past trading experience. Given that the majority of sales are settled in advance of operation, the Group has no significant concentrations of credit risk and the group's exposure to bad debt has not been significant historically.

The trade receivables balance set out in note 13 above includes £17.9 million (2017: £18.8 million) relating to sales invoiced in advance of carriage, with a corresponding balance included within deferred income. The remaining balance of £9.6 million.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(2017: £12.0 million) represents trade receivables in relation to charters operated in the period, with an age profile as follows:

	2018 £'000	2017 £'000
Past due at the balance sheet date	667	1,202
Due within 7 days of the balance sheet date	2,299	2,369
Due after more than 7 days of the balance sheet date	6,632	8,395
	9,598	11,966

There was a provision for doubtful debt of £156,000 and all other amounts due at the balance sheet date were settled prior to the signing of these final statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The finance function produces regular forecasts of expected cash inflows and outflows, which are reviewed at Board level. The Group aims to manage liquidity by ensuring that cash is collected efficiently, also by placing excess cash on low risk, short term interest bearing deposits. Investment of cash surpluses are made through banks which must fulfil credit rating criteria approved by the directors.

	2018			
	Carrying amount £'000	Contractual cash flows		
		1 year or less £'000	2 to <5 years £'000	5 years and over £'000
NON DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	46,769	46,769	-	-
Provisions	797	598	-	199
	47,566	47,367	-	199

	2017			
	Carrying amount £'000	Contractual cash flows		
		1 year or less £'000	2 to <5 years £'000	5 years and over £'000
NON DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	46,213	46,213	-	-
Short term trade load	2,126	2,126	-	-
Provisions	199	-	-	199
	48,538	48,339	-	199

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group buys and sells services denominated principally in Sterling, US Dollars and Euros and as a result financial instruments can be affected by movements in exchange rates. The Group aims to minimise exposure to foreign currency risk by matching sales and purchases in the same currency where possible. The Group also makes use of foreign exchange markets in order to maintain an appropriate mix of foreign currency bank balances for use within the business. The breakdown of cash and cash equivalents at the balance sheet date was as follows:

CURRENCY	2018 Local (£'000)	2018 Closing rate	2018 GBP (£'000)	2017 Local (£'000)	2017 Closing rate	2017 GBP (£'000)
US Dollars	12,674	1.42	8,913	9,289	1.26	7,379
Euros	4,541	1.14	3,978	1,789	1.16	1,536
GB Pounds Sterling	5,085	1.00	5,085	2,271	1.00	2,271
Other various			2,505			2,178
			20,481			13,364

Foreign currency risk sensitivity analysis

The Group's principal foreign currency exposures are on cash and cash equivalents denominated in US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported operating profit to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the year end, showing the effect of a revaluation of cash and cash equivalents:

	2018 Closing rate	2018 Adjusted rate	2018 Effect (£'000)	2017 Closing rate	2017 Adjusted rate	2017 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.42	1.56	(810)	1.26	1.38	(671)
Euro	1.14	1.26	(361)	1.16	1.28	(140)
Sterling weakens by 10%						
US Dollar	1.42	1.28	990	1.26	1.13	820
Euro	1.14	1.03	442	1.16	1.05	171

17. SHORT TERM TRADE LOAN

	2018 £'000	2017 £'000
Short term trade loan liability	-	2,126

The Company has a \$7.5 million short term trade loan facility with HSBC Bank Plc for the purpose of funding credit sales to government departments, relief and charitable organisations. Interest is charged at UK base rate plus 2.75% and the facility is repayable on demand.

18. OPERATING LEASE ARRANGEMENTS

The Group had the following minimum outstanding commitments under non-cancellable operating leases which fall due:

LAND & BUILDINGS	2018 £'000	2017 £'000
Within 1 year	2,453	2,359
Within 2 to 5 years	3,946	4,015
Over 5 years	762	1,029
	7,161	7,403

MOTOR VEHICLES	2018 £'000	2017 £'000
Within 1 year	38	-
Within 2 to 5 years	70	-
Over 5 years	-	-
	108	-

19. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:	2018 £'000	2017 £'000
100,000,000 Ordinary shares of £0.01 each	1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:	No.	2018 £'000	No.	2017 £'000
Ordinary shares of £0.01 each	23,602,092	236	23,602,092	236

20. OWN SHARES

In 30 June 2011, Air Charter Service Group Ltd set up a trust. Ordinary shares in Air Charter Service Group Ltd were held by the Trustees for the purpose of satisfying options granted by group companies to their employees. The costs associated with the purchase of the shares for the Trust are deducted from equity.

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options granted by, or intended to be granted by, the Group to its employees. The trust is not intended to sell shares to employees and no sales of shares were made to employees in the period, other than to satisfy the exercise of options. During the year, no Ordinary shares were purchased from existing employee shareholders. At 31 January 2018, the Trust held no Ordinary shares in Air Charter Service Group Ltd or any other company within the group. The balance of £48k investment by the company (2017: £48k) represents residual cash held within the trust.

21. RELATED PARTY TRANSACTIONS

The company had the following balances with Group undertakings at the year end:

	2018 £'000	2017 £'000
Amounts owed to Group undertakings	(2,158)	(1,840)
Amounts due from Group undertakings	3,456	2,451

The remuneration of the directors who are the key management personnel of the Group is set out in note 5. The Company received dividends of £7.6 million during the year from its subsidiary companies (2017: £2.1 million).

22. CONTINGENT LIABILITIES

The Group operates in various overseas jurisdictions, some of which are less well developed, from a fiscal perspective, than others. The directors have structured the Group's activities to manage its exposure to such evolving legal and fiscal frameworks and thus far during the Group's expansion there have been no material unexpected exposures. The directors consider that challenge by relevant fiscal authorities is possible, but this cannot be predicted and no provision has been made for contingent liabilities of which directors are not aware.

23. CONTROLLING PARTY

The ultimate parent company of the group is MFG Topco Limited and there is no majority controlling shareholder. The smallest and largest consolidation the Company is consolidated into is MFG Topco Limited, the financial statements of which are available at Millbank House, 171-185 Ewell Road, Surbiton, Surrey, UK.

24. POST BALANCE SHEET EVENTS

Post year end, the group received a court ruling relating to fees for certain charters flown during the year (see note 15).



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