



AIR CHARTER SERVICE

AIR CHARTER SERVICE GROUP LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDING 31 JANUARY 2017

Company registered number: 04028491

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THE BOARD OF DIRECTORS

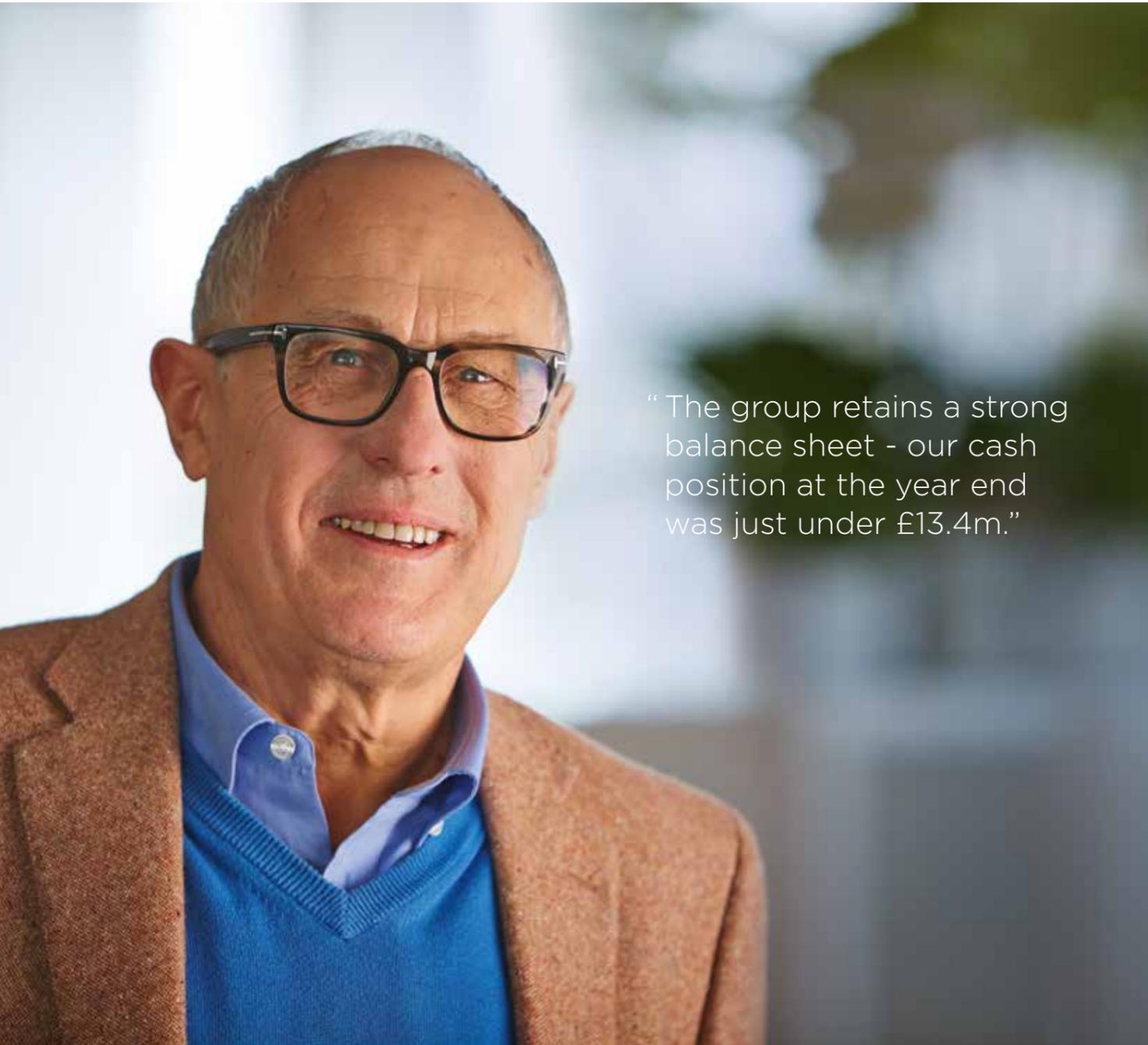


REGISTERED OFFICE
Millbank House
171-185 Ewell Road
Surbiton
Surrey
KT6 6AP

AUDITOR
KPMG LLP
15 Canada Square
London
E14 5GL

REGISTERED NUMBER
04028491





“The group retains a strong balance sheet - our cash position at the year end was just under £13.4m.”

CHAIRMAN'S STATEMENT

I am pleased to report on another strong set of results for the year, with group turnover up 8% on last year to £342m.

The Board continues to pursue a number of strategies, all directed at our overall goal - to become the leading air charter brokerage house in the world.

Our industry is an intellectual value-added service and we are only as good as our last flight. As a result, training of our staff to deliver an industry leading service for every sector in which we operate is essential to grow the business through customer acquisition and retention. This is an area that has been a focus of the board over the last financial year and one that we believe has contributed to a strong set of results in FY17. Our investment in technology has resulted in costs in the current year, however, we do not expect to see the full return on this investment until a number of large projects are completed.

Our two passenger departments both showed strong growth, with turnover of our Executive Jets department up 19% and our Commercial Jets up 25%. Our Cargo division volume of charters increased 6%, although turnover was down slightly due to a large short term programme of flights inflating numbers in FY16.

Our EBITDA result (earnings before interest, tax, depreciation and amortisation) was a healthy £6.9m, slightly down on last year as we focus on long term growth over short term profits as we continued to invest in technology, marketing and above all, the recruitment and training of new staff.

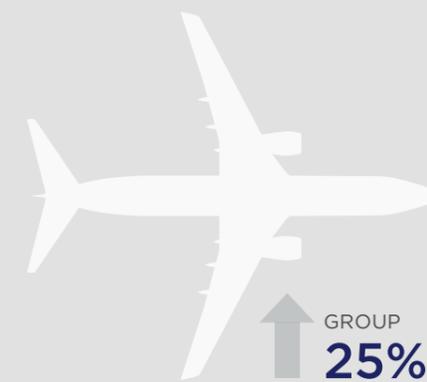
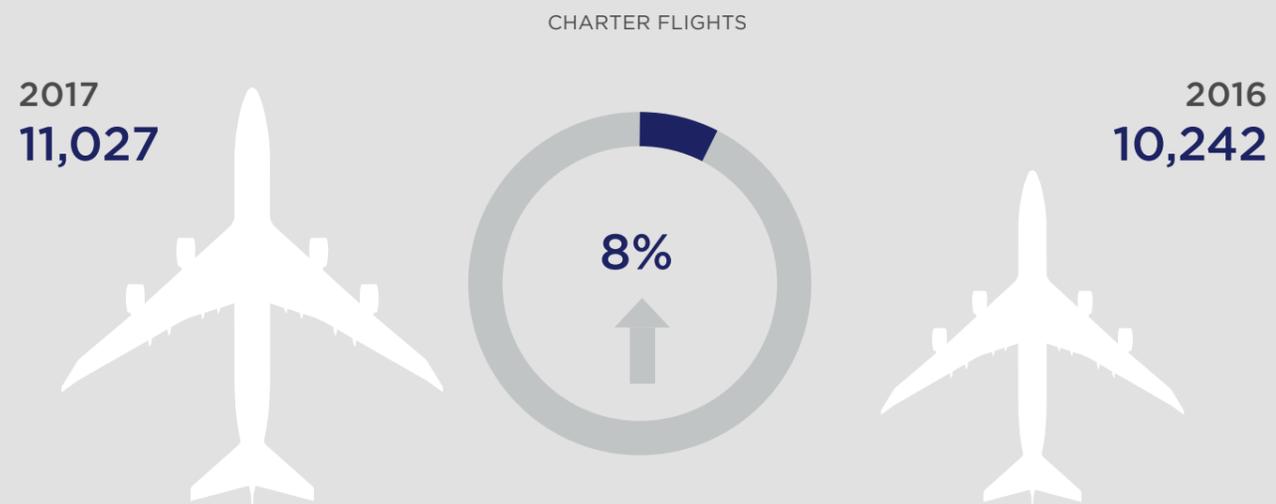
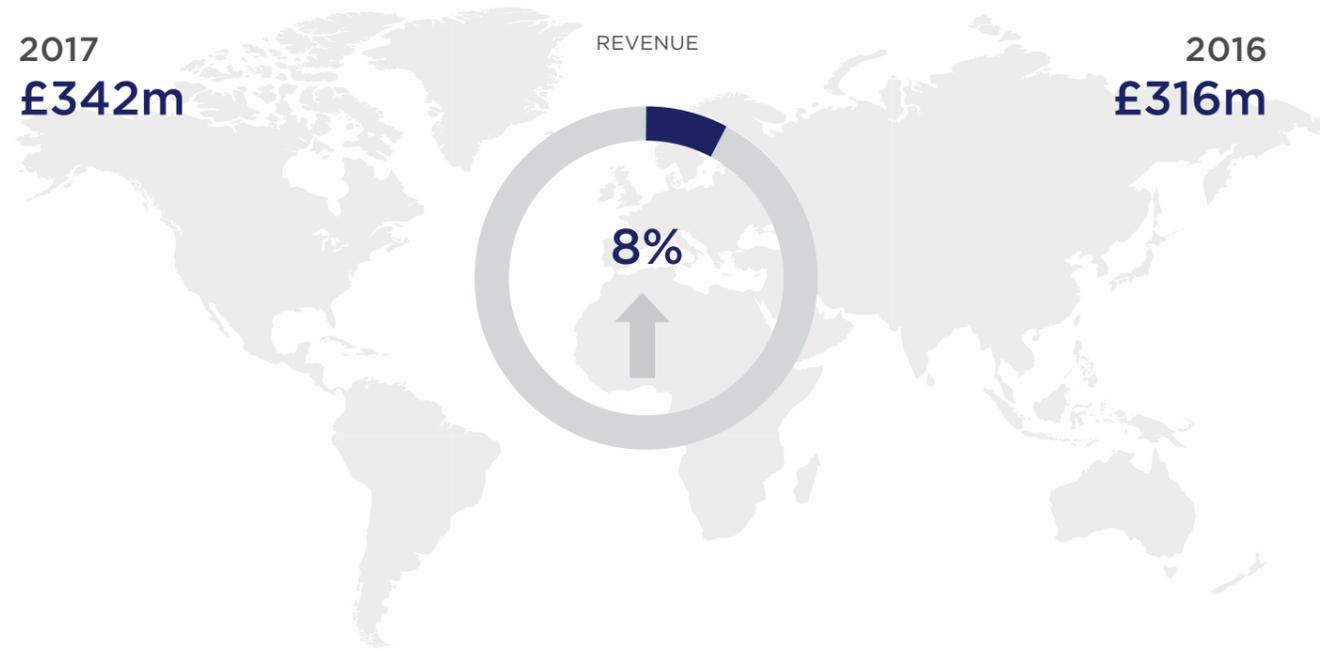
The group continues to develop its global reach successfully - our new office in Sydney commenced trading during the year and is already profitable.

The group retains a strong balance sheet - our cash position at the year end was just under £13.4m, including £2.5m from our Jetcard customers which we hold in separate bank accounts on behalf of our clients.

Our recent management figures indicate that strong growth continues into the current year, which is testament to the board's goal of becoming the global leader in the aircraft charter broker industry.

Christopher Leach
Chairman

27 October 2017





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.

The results for the year are set out in the consolidated income statement on page 9 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:

	2017	2016
Gross profit	£41.9m	£39.4m
EBITDA	£6.9m	£8.0m
Charter flights	11,027	10,242

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.

Approved by the Board of Directors on 27 October 2017.

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 2017.

RESULTS AND DIVIDENDS

Profit after taxation for the period was £4.9 million (2016: £4.8 million) and dividends paid during the year were £2.6 million (2016: £3.5 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
Justin Bowman
Ruan Courtney
Stewart Pitt
Justin Lancaster
Tamsin Simmons (resigned 15 September 2017)
William Christie
Charles Prescott (resigned 11 January 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.

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
27 October 2017.

Stewart Pitt
Director

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

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law. 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 company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards adopted by the EU have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent 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 350 worldwide
who all receive our
award-winning training
at the UK head office.



We have audited the financial statements of Air Charter Service Group Limited for the year ended 31 January 2017, set out on pages 9 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in

accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report,:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2016.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Steve Masters
Senior Statutory Auditor

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

31 October 2017



Our team of global couriers get small and large shipments to any destination in the world.

FINANCIAL
STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND COMPREHENSIVE INCOME

GROUP	Note	2017 £'000	2016 £'000
REVENUE	2	341,648	315,753
Cost of sales		(299,760)	(276,326)
GROSS PROFIT		41,888	39,427
Administrative expenses		(36,237)	(32,580)
OPERATING PROFIT	3	5,651	6,847
Finance income		14	12
Finance costs		(58)	(19)
PROFIT BEFORE TAX		5,607	6,840
Tax	6	(679)	(2,021)
PROFIT FOR THE YEAR		4,928	4,819

OTHER COMPREHENSIVE INCOME

Exchange differences on translating foreign operations		310	(25)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,238	4,794

Profit for the year attributable to:

Equity holders of the parent		4,883	4,841
Non-Controlling Interests		45	(22)
		4,928	4,819

Total comprehensive income for the year attributable to:

Equity holders of the parent		5,193	4,816
Non-Controlling Interests		45	(22)
		5,238	4,794

The results for the current and prior year are derived from continuing operations.

The accompanying notes on pages 16 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Note	2017 £'000	2016 £'000 (restated - note 24)
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,375	2,332
Intangible assets	11	744	769
Deferred tax asset	7	151	119
Total non-current assets		3,270	3,220
Current assets			
Trade and other receivables	13	42,648	30,061
Current tax asset		419	145
Cash and cash equivalents	8	13,364	12,439
Total current assets		56,431	42,645
TOTAL ASSETS		59,701	45,865
LIABILITIES			
Non-current liabilities			
Deferred tax liability	7	(154)	(171)
Provisions	15	(199)	(199)
Total non current liabilities		(353)	(370)
Current liabilities			
Trade and other payables	14	(46,213)	(36,698)
Short term trade loan	17	(2,126)	-
Current tax liabilities		(321)	(820)
Total current liabilities		(48,660)	(37,518)
TOTAL LIABILITIES		(49,013)	(37,888)
NET ASSETS		10,688	7,977
EQUITY			
Called up share capital	19	236	236
Share premium account		290	290
Share option reserve		-	242
Translation reserve		(56)	(366)
Own shares	20	-	(349)
Retained earnings		10,098	7,861
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		10,568	7,914
Non-Controlling Interest		120	63
TOTAL EQUITY		10,688	7,977

The accompanying notes on pages 16 to 35 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2017.

Signed on behalf of the Board by:

Stewart Pitt

Company registration number: 04028491





4 months, six continents, 21 countries, flying almost 100,000 kilometres - Iron Maiden 'Book of Souls Tour'

COMPANY	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	2,886	2,545
Current assets			
Trade and other receivables	13	2,451	568
Cash and cash equivalents		-	2
TOTAL ASSETS		5,337	3,115
LIABILITIES			
Current liabilities			
Trade and other payables	14	(1,840)	(243)
Current tax liabilities		-	(68)
Total liabilities		(1,840)	(311)
NET ASSETS		3,497	2,804
EQUITY			
Called up share capital	19	236	236
Share premium account		290	290
Share option reserve		-	215
Own shares	20	(48)	(349)
Retained earnings		3,019	2,412
TOTAL EQUITY		3,497	2,804

The accompanying notes on pages 16 to 35 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2017.

Signed on behalf of the Board by:

Stewart Pitt

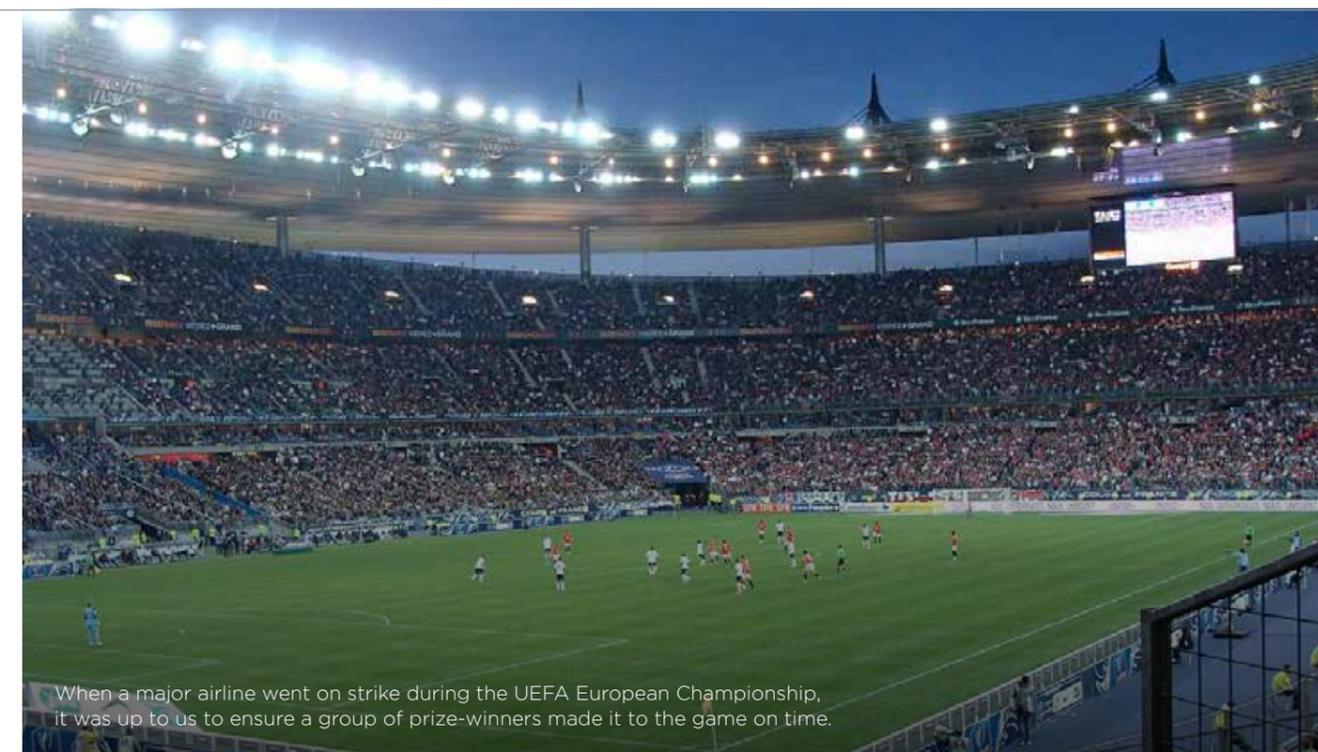
Company registration number: 04028491

STATEMENTS OF CHANGES IN EQUITY

GROUP	Share Capital £'000	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 2016	236	290	242	(366)	(349)	7,861	7,914	63	7,977
New shares issued	-	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	310	-	-	310	12	322
Fair value cost of options	-	-	35	-	-	-	35	-	35
Fair value of options exercised	-	-	(277)	-	-	-	(277)	-	(277)
Dividends paid	-	-	-	-	-	(2,596)	(2,596)	-	(2,596)
Comprehensive income	-	-	-	-	-	4,883	4,883	45	4,928
Movement in own shares	-	-	-	-	349	(50)	299	-	299
AT 31 JANUARY 2017	236	290	-	(56)	-	10,098	10,568	120	10,688
PRIOR YEAR									
At 1 February 2015	236	290	234	(341)	(333)	6,427	6,513	92	6,605
New shares issued	-	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	(25)	-	-	(25)	(7)	(32)
Fair value cost of options	-	-	23	-	-	-	23	-	23
Fair value of options exercised	-	-	(43)	-	-	43	-	-	-
Dividends paid	-	-	-	-	-	(3,450)	(3,450)	-	(3,450)
Comprehensive income	-	-	-	-	-	4,841	4,841	(22)	4,819
Movement in own shares	-	-	28	-	(16)	-	12	-	12
At 31 January 2016	236	290	242	(366)	(349)	7,861	7,914	63	7,977

The accompanying notes on pages 16 to 35 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY



When a major airline went on strike during the UEFA European Championship, it was up to us to ensure a group of prize-winners made it to the game on time.

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 2016	236	290	215	(349)	2,412	2,804
New shares issued	-	-	-	-	-	-
Fair value cost of options	-	-	35	-	-	35
Fair value of options exercised	-	-	(250)	-	250	-
Dividends paid	-	-	-	-	(2,596)	(2,596)
Profit for the year	-	-	-	-	3,254	3,254
Movement in own shares	-	-	-	301	(301)	-
AT 31 JANUARY 2017	236	290	-	(48)	3,019	3,497
PRIOR YEAR						
At 1 February 2015	236	290	234	(333)	1,479	1,906
New shares issued	-	-	-	-	-	-
Fair value cost of options	-	-	24	-	-	24
Fair value of options exercised	-	-	(43)	-	43	-
Dividends paid	-	-	-	-	(3,450)	(3,450)
Profit for the year	-	-	-	-	4,340	4,340
Movement in own shares	-	-	-	(16)	-	(16)
At 31 January 2016	236	290	215	(349)	2,412	2,804

The accompanying notes on pages 16 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2017 £'000	2016 £'000 (restated - note 24)
RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS		
Profit for the year	4,928	4,819
Taxation	679	2,021
Financial income	(14)	(12)
Financial costs	58	19
Depreciation and amortisation	1,206	922
Loss on disposal of property, plant & equipment	2	30
Foreign exchange difference	334	(32)
Movement on provisions	-	17
Share based payment expense	35	24
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	7,228	7,808
Increase in receivables	(12,587)	(3,809)
Increase in payables	9,515	5,877
CASH GENERATED FROM OPERATIONS	4,156	9,876
Tax paid	(1,501)	(914)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,655	8,962
INVESTING ACTIVITIES		
Interest received	14	12
Purchases of plant, property and equipment	(881)	(1,196)
Purchases of intangibles	(356)	(590)
NET CASH USED IN INVESTING ACTIVITIES	(1,223)	(1,774)
FINANCING ACTIVITIES		
Purchase of own shares	-	(128)
Trade loan proceeds	2,126	-
Interest paid	(58)	(19)
Net proceeds from shares issued	21	140
Dividends paid	(2,596)	(3,450)
NET CASH USED IN FINANCING ACTIVITIES	(507)	(3,457)
NET INCREASE IN CASH AND CASH EQUIVALENTS	925	3,731
Cash and cash equivalents at the beginning of the year	12,439	8,708
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13,364	12,439

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 16 to 35 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

COMPANY	2017 £'000	2016 £'000
Profit for the year	3,254	4,340
Tax charge	(23)	64
Share based payment expense	-	24
Reversal of impairment	(337)	-
(Increase) in receivables	(1,883)	(458)
Increase / (Decrease) in payables	1,597	(88)
CASH USED FROM OPERATIONS	2,608	3,882
Tax paid	(44)	-
NET CASH USED OPERATING ACTIVITIES	2,564	3,882
INVESTING ACTIVITIES		
Investment in subsidiaries	-	(418)
Disposal proceeds	30	-
NET CASH FROM INVESTING ACTIVITIES	30	(418)
FINANCING ACTIVITIES		
Purchase of own shares	-	(16)
Dividends paid	(2,596)	(3,450)
NET CASH USED IN FINANCING ACTIVITIES	(2,596)	(3,466)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2)	(2)
Cash and cash equivalents at the beginning of the year	2	4
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	-	2

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 16 to 35 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 in the UK. 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. 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.

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 £3.2m (2016: £4.3m profit) and the net profit recognised directly in equity (net of dividends) amounted to £0.7m (2016: £0.9m).

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2017. 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 2017 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 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

1. ACCOUNTING POLICIES (continued)

reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

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

1. ACCOUNTING POLICIES (continued)

£2.5 million (2016: £2.3 million) which is designated 'restricted cash' (see notes 8 and 24).

Financial liabilities and equity

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

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.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005. The Group operates an equity-settled share-based payment scheme under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group has also applied the requirements of IFRIC 11, requiring an entry to a separate capital account (entitled Capital Contribution in the financial statements) based on the share based payment expense recognised to date.

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.

2. REVENUE

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

	2017 £'000	2016 £'000
UK	94,723	79,056
Americas	69,351	70,440
Europe	50,045	40,454
Rest of world	127,529	125,803
	341,648	315,753

3. OPERATING PROFIT

Operating profit is stated after charging:

	2017 £'000	2016 £'000
Staff costs (note 4)	22,372	19,643
(Profit) / Loss on disposal of property, plant & equipment	2	30
Depreciation of owned fixed assets	825	689
Amortisation of intangible assets	381	233
Operating lease costs	3,016	2,210
Foreign exchange (gains) / losses	(28)	125

Auditor's remuneration

Amounts paid to the auditors of the company:

	2017 £'000	2016 £'000
Audit of these financial statements	25	19
Audit of subsidiaries	113	23
Audit fees paid to other audit firms	40	56
Non audit services	210	36
	388	134

4. PARTICULARS OF EMPLOYEES

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

	2017 No.	2016 No.
Sales	230	218
Non-sales	109	100
Total	339	318

The aggregate payroll costs of the above were:

	2017 £'000	2016 £'000
Wages and salaries	19,798	17,538
Share based payments	35	24
Social security costs	2,199	1,802
Other pension costs	340	279
Total	22,372	19,643

5. DIRECTORS' EMOLUMENTS

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

	2017 £'000	2016 £'000
Emoluments receivable	1,359	1,406
Value of company pension contributions to money purchase schemes	86	117
Share based payments	10	10
Total	1,455	1,533

Emoluments of highest paid director:

Total emoluments	321	327
Value of company pension contributions to money purchase schemes	7	40

	2017 No.	2016 No.
Number of directors who accrued benefits under a money purchase pension scheme:	8	8

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

5. DIRECTORS' EMOLUMENTS (continued)

Share Options

The directors during the period and their beneficial interest in options to purchase ordinary shares in the Group were as follows:

	Issue Date	Exercise Price (Pence)	Held at 31 Jan 2016 No.	Exercised during year No.	Held at 31 Jan 2017 No.
S Pitt	18 June 2010	55.0	56,417	(56,417)	-
	31 Jan 2014	10.0	103,340	(103,340)	-
	12 Aug 2015	100.0	47,204	(47,204)	-
T Simmons	20 May 2013	47.0	41,880	(41,880)	-
J Lancaster	23 July 2007	43.2	45,880	(45,880)	-
	18 Feb 2008	34.0	17,655	(17,655)	-
	31 Jan 2014	40.0	8,000	(8,000)	-
W Christie	12 Aug 2015	100.0	23,602	(23,602)	-
	20 May 2013	47.0	8,560	(8,560)	-
	12 Aug 2015	100.0	47,204	(47,204)	-

6. TAXATION ON ORDINARY ACTIVITIES

The tax charge comprises:

	2017 £'000	2016 £'000
(a) Tax charge:		
In respect of the year:		
UK Corporation tax	-	107
Adjustment in respect of prior years	(61)	(23)
Foreign tax	788	1,681
Total current tax	727	1,765
Deferred tax (Note 7)	(48)	256
TAX ON PROFIT ON ORDINARY ACTIVITIES	679	2,021

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

Profit before taxation	5,607	6,840
Taxation at UK corporation tax rate of 20%	1,121	1,368
Effects of:		
Expenses not deductible for tax	-	29
Deduction for options exercised	(395)	(10)
Capital allowances in excess of depreciation	-	(25)
UK and overseas taxes at differing rates	101	366
Adjustment in respect of prior years	(61)	37
Overseas loss relief	(87)	-
Deferred tax	-	256
TOTAL TAX (NOTE 6A)	679	2,021

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 £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 2016	115	(166)	-	(51)
Credit / (charge) to the income statement	(115)	163	-	48
AT 31 JANUARY 2017	-	(3)	-	(3)
PRIOR YEAR				
At 1 February 2015	31	61	112	204
Credit / (charge) to the income statement	84	(227)	(112)	(255)
AT 31 JANUARY 2016	115	(166)	-	(51)

(b) Deferred tax assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
Share based payments			
At 1 February 2016	115	-	115
Credit / (charge) to the income statement	(115)	-	(115)
AT 31 JANUARY 2017	-	-	-
Other timing differences			
At 1 February 2016	5	(171)	(166)
Credit / (charge) to the income statement	146	17	163
AT 31 JANUARY 2017	151	(154)	(3)
Total			
At 1 February 2016	120	(171)	(51)
Credit / (charge) to the income statement	31	17	48
AT 31 JANUARY 2017	151	(154)	(3)



The earthquake that shook Haiti destroyed the infrastructure of its city. We stepped in to play an instrumental role in the UK's relief efforts.

8. CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000 (restated - note 24)
Restricted cash	2,491	2,272
Other cash and cash equivalents	10,873	10,167
	13,364	12,439

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

	2017 £'000	2016 £'000
Equity dividends on ordinary shares	2,596	3,450

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 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
PRIOR YEAR					
Cost					
At 1 February 2015	1,527	1,043	255	2,911	5,736
Additions	544	229	34	389	1,196
Disposals	(7)	(23)	-	(40)	(70)
AT 31 JANUARY 2016	2,064	1,249	289	3,260	6,862
Depreciation					
At 1 February 2015	555	749	73	2,503	3,880
Charge for the year	234	133	59	263	689
Disposals	(2)	(11)	-	(26)	(39)
AT 31 JANUARY 2016	787	871	132	2,740	4,530
Net Book Value					
At 1 February 2015	972	294	182	408	1,856
AT 31 JANUARY 2016	1,277	378	157	520	2,332

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

11. INTANGIBLE ASSETS

	Software £'000
CURRENT YEAR:	
At 1 February 2016	769
Purchase of intangible assets	356
Amortisation	(381)
AT 31 JANUARY 2017	744
PRIOR YEAR:	
At 1 February 2015	412
Purchase of intangible assets	590
Amortisation	(233)
AT 31 JANUARY 2016	769

The company did not hold any intangible assets.

12. INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary undertakings £'000
CURRENT 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
PRIOR YEAR:	
Cost and Net book value	
At 1 February 2015	2,123
Capital contribution	24
Investments	398
AT 31 JANUARY 2016	2,545

12. INVESTMENTS IN SUBSIDIARIES (continued)

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

The funding arrangements for subsidiaries are generally arranged through the group's holding company Air Charter Service Group Ltd. 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 (2016: £637,000) and a provision against loans due from subsidiaries of £730,000 (2016: £861,000). 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	171-185 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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade receivables	31,765	25,006	-	-
Amounts owed by Parent undertakings	4,179	-	2,451	568
Other debtors	1,164	872	-	-
Prepayments and accrued income	5,540	4,183	-	-
	42,648	30,061	2,451	568

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	
	2017 £'000	2016 £'000 <small>(restated - note 24)</small>	2017 £'000	2016 £'000
Trade payables	11,442	8,529	-	-
Amounts owed to Parent undertakings	1,700	-	1,840	243
Other taxation and social security	342	358	-	-
Accruals and deferred income	32,552	27,593	-	-
Other creditors	177	218	-	-
	46,213	36,698	1,840	243

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

	Total £'000
CURRENT YEAR:	
At 1 February 2016	199
Increase in provisions	-
AT 31 JANUARY 2017	199
PRIOR YEAR:	182
At 1 February 2015	17
AT 31 JANUARY 2016	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.

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 (ie 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

	2017	2017	2016	2016
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
FINANCIAL ASSETS				
Cash and cash equivalents	13,364	13,364	12,439	12,439
Trade and other receivables	42,648	42,648	30,061	30,061
	56,012	56,012	42,500	42,500
FINANCIAL LIABILITIES				
Trade and other payables	46,213	46,213	36,698	36,698
Short term trade loan	2,126	2,126	-	-
Provisions	199	199	199	199
	48,538	48,538	36,897	36,897

Credit risk

Credit risk predominantly arises from trade receivables, cash and deposits with banks. 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 £18.8 million (2016: £18.9 million) relating to sales invoiced in advance of carriage, with a corresponding balance included

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

within deferred income. The remaining balance of £12.0 million (2016: £6.1 million) represents trade receivables in relation to charters operated in the period, with an age profile as follows:

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

There was no provision for doubtful debt and all 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.

	2017		2017 Contractual cash flows	
	Carrying amount £'000	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 loan	2,126	2,126	-	-
Provisions	199	-	-	199
	48,538	48,339	-	199

	2016		2016 Contractual cash flows	
	Carrying amount £'000	1 year or less £'000	2 to <5 years £'000	5 years and over £'000
NON DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	36,698	36,698	-	-
Provisions	199	-	-	199
	36,897	36,698	-	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	2017 Local (£'000)	2017 Closing rate	2017 GBP (£'000)	2016 Local (£'000)	2016 Closing rate	2016 GBP (£'000)
US Dollars	9,289	1.26	7,379	5,970	1.42	4,208
Euros	1,789	1.16	1,536	4,409	1.31	3,362
GB Pounds Sterling	2,271	1.00	2,271	1,881	1.00	2,867
Other various			2,178			2,002
			13,364			12,439

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:

	2017 Closing rate	2017 Adjusted rate	2017 Effect (£'000)	2016 Closing rate	2016 Adjusted rate	2016 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.26	1.38	(671)	1.42	1.56	(383)
Euro	1.16	1.28	(140)	1.31	1.44	(306)
Sterling weakens by 10%						
US Dollar	1.26	1.13	820	1.42	1.28	467
Euro	1.16	1.05	171	1.31	1.18	374

17. SHORT TERM TRADE LOAN

	2017 £'000	2016 £'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	2017 £'000	2016 £'000
Within 1 year	2,359	1,452
Within 2 to 5 years	4,015	3,949
Over 5 years	1,029	1,073
	7,403	6,474

19. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:	2017 £'000	2016 £'000
100,000,000 Ordinary shares of £0.01 each	1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:	No.	2017 £'000	No.	2016 £'000
Ordinary shares of £0.01 each	23,602,092	236	23,602,092	236

20. OWN SHARES

On 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 2017, 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 represents residual cash held within the trust.

21. SHARE-BASED PAYMENTS

Equity based share options

The parent company, Air Charter Service Group Ltd, set up a share option scheme for the benefit of employees on 23 July 2007. The options in this scheme vest on the third anniversary of grant. Options lapse if the employee leaves the company prior to exercise. There are no performance or market conditions associated with the share options. Details of the scheme are as follows:

GRANT DATE	Exercise price (Pence)	Held at 31 January 2016 No.	Exercised during year No.	Held at 31 January 2017 No.
23 July 2007	43.2	297,405	(297,405)	-
18 February 2008	34.0	560,913	(560,913)	-
18 June 2010	55.0	285,829	(285,829)	-
6 January 2012	75.0	54,720	(54,720)	-
20 May 2013	47.0	95,480	(95,480)	-
31 January 2014	40.0	200,000	(200,000)	-
31 January 2014	10.0	109,954	(109,954)	-
12 August 2015	100.0	188,816	(188,816)	-
TOTAL		1,793,117	(1,793,117)	-

On 1 February 2016 the entire share capital of the company was acquired by a new holding company, Mountfitchet Group Limited and all unexercised options transferred to the same company on 29 February 2016. On 3 October 2016 all unexercised options were exercised as part of a private equity backed re-organisation.

The cost of services received in respect of the share options in the scheme above is measured as the fair value of the options granted and the cost is spread over the vesting period. The total charge for the year relating to the employee share based plan was £35,000 (2016: £24,000). The fair values were calculated using the Black-Scholes valuation method and the inputs to the model were as follows:

OPTIONS GRANTED ON 23 JULY 2007

Fair value	13.4 pence
Weighted average share price	47.0 pence
Expected volatility	30%
Expected life	3.5 years
Risk free rate	5.5%

OPTIONS GRANTED ON 18 FEBRUARY 2008

Fair value	11.0 pence
Weighted average share price	38.0 pence
Expected volatility	30%
Expected life	3.5 years
Risk free rate	5.3%

OPTIONS GRANTED ON 18 JUNE 2010

Fair value	21.0 pence
Weighted average share price	61.0 pence
Expected volatility	50%
Expected life	5.0 years
Risk free rate	3.5%

OPTIONS GRANTED ON 6 JANUARY 2012

Fair value	16.0 pence
Weighted average share price	83.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.2%

OPTIONS GRANTED ON 20 MAY 2013

Fair value	10.0 pence
Weighted average share price	52.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.5%

OPTIONS GRANTED ON 31 JANUARY 2014

Fair value	8.0 pence
Weighted average share price	35.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.5%

OPTIONS GRANTED ON 12 AUGUST 2015

Fair value	41.0 pence
Weighted average share price	152.0 pence
Expected volatility	20%
Expected life	3.0 years
Risk free rate	2.5%

The expected volatility is based on the historic volatility of a listed company in the same sector as the Group.



When an offshore oil-rig in Papua New Guinea became inoperable, we used our urgent 'go now' service to get the parts they needed to them.

22. RELATED PARTY TRANSACTIONS

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

	2017 £'000	2016 £'000
Amounts owed to Group undertakings	(1,840)	(243)
Amounts due from Group undertakings	2,451	568

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 £2.1 million during the year from its subsidiary companies (2016: £3.9 million).

The directors received no dividends during the year from the company (2016: £3.2m)

23. 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.

24. CHANGES IN PRESENTATION

During the year the directors reviewed the treatment of advance payments from clients subscribing to the group's Jetcard product. Previously, these amounts were not included within 'Cash and Cash Equivalents'. Following the review, these amounts are now included within 'Cash and Cash Equivalents' as 'Restricted Cash' (see note 8) with a corresponding increase in 'Trade Payables'. There was no effect on profit as a result of this change. The change resulted in a restatement of prior year balance sheet comparatives, being an increase in Trade Payables of £2,272k and a corresponding increase in Cash and Cash Equivalents of the same amount.

25. 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.



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