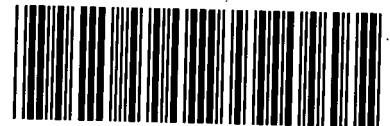


**HUNTING AVIATION LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**Registered No: 00297743**

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**HUNTING AVIATION LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**CONTENTS**

Company Information	2
Strategic Report	3
Directors' Report	4
Independent Auditors' Report	6
Income Statement	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

**HUNTING AVIATION LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**COMPANY INFORMATION**

Registered number: 00297743

Country of incorporation: England and Wales

Registered office: 5 Hanover Square  
London  
W1S 1HQ

Directors: P. Rose  
C.J.P. Gilmore  
D.B. Willey

Company secretary: D.B. Willey

Independent auditors: PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## HUNTING AVIATION LIMITED

### STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2013.

#### Principal Activities

The Company is a wholly-owned subsidiary of Hunting Oil Holdings Limited, a company registered in England and Wales. The Company is UK domiciled and registered in England and Wales.

#### Results and Dividends

The results and financial position of the Company are set out in the attached financial statements.

The profit for the year was £517,000 (2012: £504,000). The profit for the year has been transferred to reserves, which has increased net assets from £44,506,000 in 2012 to £45,023,000 in 2013. The Directors do not recommend the payment of a dividend (2012: £nil).

#### Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

#### Principal Risks and Uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Hunting PLC Group and are not managed separately. The principal risks and uncertainties of the Hunting PLC Group, which include those of the Company, are discussed on pages 34 to 37 of the Hunting PLC 2013 Annual Report and Accounts. Further detail on financial risks is provided within note 9.

On Behalf of the Board



P. Rose  
Director

13 June 2014

## **HUNTING AVIATION LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report, together with the audited financial statements for the year ended 31 December 2013.

#### **Dividends**

The Directors do not recommend the payment of a dividend (2012: £nil).

#### **Risk Management**

Further information on financial risk management is disclosed in note 9.

#### **Future Outlook**

The Company did not trade during the year and no change in the activities of the Company is anticipated in 2014.

#### **Political Contributions**

The Company made no political donations during the year (2012: £nil).

#### **Directors**

The Directors of the Company who served during the year and to the date of this report were as follows:

P. Rose  
C.J.P. Gilmore  
D.B. Willey

No Director had a material interest in any contract of significance to which the Company was a party.

#### **Directors' and Officers' Liability Insurance**

Hunting PLC maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its Directors and officers and those of its subsidiaries in the discharge of their duties. This is a qualifying third party indemnity provision, which was in force throughout the financial year and at the date of approval of the financial statements.

#### **Statement of Directors' Responsibilities**

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

Company Law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). 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 of the profit or loss of the Company for that period.

## HUNTING AVIATION LIMITED

### DIRECTORS' REPORT (continued)

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement on Disclosure of Information to Auditors

In accordance with the Companies Act 2006, all Directors in office, as at the date of this report, have confirmed so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps necessary in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On Behalf of the Board



P. Rose  
Director

13 June 2014

## **HUNTING AVIATION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUNTING AVIATION LIMITED**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Our Opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

##### **What We Have Audited**

The financial statements, which are prepared by Hunting Aviation Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Income Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **What an Audit of Financial Statements Involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **HUNTING AVIATION LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF HUNTING AVIATION LIMITED (continued)**

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

##### **Adequacy of Accounting Records and Information and Explanations Received**

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

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

We have no exceptions to report arising from this responsibility.

##### **Directors' Remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

##### **Our Responsibilities and Those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Neil Proudlove (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

13 June 2014



**HUNTING AVIATION LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £'000	2012 £'000
Finance income	4	<u>674</u>	<u>668</u>
<b>PROFIT BEFORE TAX</b>		674	668
Taxation	5	<u>(157)</u>	<u>(164)</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>517</u></u>	<u><u>504</u></u>

The profit for the year arises from the Company's continuing operations.

There is no other comprehensive income for the year.

# HUNTING AVIATION LIMITED

## BALANCE SHEET AT 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other accounts receivable	6	<u>41,509</u>	<u>-</u>
<b>Current assets</b>			
Other accounts receivable	6	-	41,516
Cash and cash equivalents	7	<u>3,671</u>	<u>3,154</u>
		<u>3,671</u>	<u>44,670</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax liabilities		<u>(157)</u>	<u>(164)</u>
<b>Net current assets</b>		<u>3,514</u>	<u>44,506</u>
<b>Net assets</b>		<u>45,023</u>	<u>44,506</u>
<b>Shareholders' equity</b>			
Share capital	11	41,500	41,500
Retained earnings		<u>3,523</u>	<u>3,006</u>
<b>Total equity</b>		<u>45,023</u>	<u>44,506</u>

The notes on pages 12 to 19 form part of these financial statements. The financial statements on pages 8 to 19 were approved by the Board of Directors on 13 June 2014 and were signed on its behalf by:



P. Rose  
Director

Registered No: 00297743

**HUNTING AVIATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2013	41,500	3,006	44,506
Profit for the year	<u>-</u>	<u>517</u>	<u>517</u>
At 31 December 2013	<u>41,500</u>	<u>3,523</u>	<u>45,023</u>

**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2012	41,500	2,502	44,002
Profit for the year	<u>-</u>	<u>504</u>	<u>504</u>
At 31 December 2012	<u>41,500</u>	<u>3,006</u>	<u>44,506</u>

**HUNTING AVIATION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £'000	2012 £'000
<b>Operating activities</b>		
Decrease in receivables	14	1
Taxation paid	<u>(164)</u>	<u>(175)</u>
<b>Net cash outflow from operating activities</b>	<u>(150)</u>	<u>(174)</u>
<b>Investing activities</b>		
Interest received	<u>667</u>	<u>664</u>
<b>Net cash inflow from investing activities</b>	<u>667</u>	<u>664</u>
<b>Financing activities</b>		
Loans issued	(41,507)	-
Loans issued repaid	<u>41,507</u>	<u>-</u>
<b>Net cash (outflow) inflow from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net inflow in cash and cash equivalents</b>	517	490
<b>Cash and cash equivalents at the beginning of the year</b>	<u>3,154</u>	<u>2,664</u>
<b>Cash and cash equivalents at the end of the year (note 7)</b>	<u><u>3,671</u></u>	<u><u>3,154</u></u>

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ("IFRSs") and IFRIC Interpretations as adopted by the European Union (EU). The financial statements have been prepared on a going concern basis under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

##### **Adoption of New Standards, Amendments and Interpretations**

###### *IFRS 13 Fair Value Measurement*

IFRS 13 Fair Value Measurement, which is to be applied prospectively as of 1 January 2013, describes how fair value is to be measured for all IFRS reporting standards and extends the disclosures to be made on fair value measurement, but does not stipulate in which cases fair value is to be used. For the disclosures resulting from the first-time application of IFRS13, see note 8, Financial instruments: Fair Values. The adoption of IFRS 13 has not had a material impact on the financial statements.

There are no other new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2013 that have a material impact on the Company's financial performance or position.

##### **Standards, Amendments and Interpretations Effective Subsequent to the Year End and Not Applied**

- IFRS 9 Financial Instruments\*
- IAS 27 (revised) Separate Financial Statements
- Annual improvements to IFRSs 2010-2012\*
- Annual improvements to IFRSs 2011-2013\*

\* Not yet endorsed by the European Union

New requirements contained within IFRSs, referred to above, are currently being assessed to determine whether there is a significant impact on the Company's results or financial position.

##### 1.2 Interest

Interest income is recognised in the income statement using the effective interest method and is included in finance income.

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 1. ACCOUNTING POLICIES (continued)

##### 1.3 Taxation

The taxation charge in the income statement comprises current tax arising on the current year's profit before tax. Current tax is the expected net tax payable arising in the current year on the current year's profit before tax, using tax rates enacted or substantively enacted at the balance sheet date.

##### 1.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand. Accrued interest is disclosed as part of the year-end balance.

##### 1.5 Financial Assets

The Company classifies its financial assets into loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. Financial assets are initially recognised at fair value at the trade date, which is normally the consideration paid, plus transaction costs.

The Company assesses at each balance sheet date whether a financial asset is impaired and, if necessary, the carrying amount is reduced to the appropriate value and the loss is recognised in the income statement immediately. Financial assets cease to be recognised when the right to receive cash flows has expired or the Company has transferred substantially all the risks and rewards of ownership.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise receivables due from fellow group companies and cash and cash equivalents. Loans and receivables are carried at amortised cost using the effective interest method. If collection is expected in one year or less they are classified as current assets, otherwise, they are presented as non-current assets. By virtue of the nature of the effective interest method, interest accrued on loans carried at amortised cost is regarded as an integral part of the loan balance and is, therefore, included within the carrying value of those loans.

##### 1.6 Share Capital

The Company's share capital comprises a single class of Ordinary shares, which are classified as equity.

##### 1.7 Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates. These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary. Estimates are continually evaluated, based on experience, consultation with experts and reasonable expectations of future events.

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 2. DIRECTORS AND EMPLOYEES

None of the Directors received any remuneration during the year in respect of their services to the Company (2012: £nil). Remuneration received by Directors was for their services to Hunting PLC, the ultimate parent company acting in various Group capacities. The key management of Hunting Aviation Limited is its Directors. The average number of persons employed by the Company during the year was nil (2012: nil).

#### 3. PROFIT BEFORE TAX

Auditors' remuneration of £2,000 (2012: £2,000) has been paid by Hunting PLC, the Company's ultimate parent company, for services provided to the Company for the statutory audit of the financial statements.

#### 4. FINANCE INCOME

	2013 £'000	2012 £'000
Interest received in respect of:		
Bank balances	51	44
Fellow group companies	<u>623</u>	<u>624</u>
	<u>674</u>	<u>668</u>

#### 5. TAXATION

	2013 £'000	2012 £'000
UK Corporation Tax:		
Current tax - current year expense	<u>157</u>	<u>164</u>

The tax charge for the year is the same (2012: the same) as the UK standard rate for corporation tax of 23.25% (2012: 24.5%):

	2013 £'000	2012 £'000
Profit before tax	<u>674</u>	<u>668</u>
Taxation at the standard UK corporation tax rate of 23.25% (2012: 24.5%)	<u>157</u>	<u>164</u>
	<u>157</u>	<u>164</u>

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 5. TAXATION (continued)

A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. From 1 April 2013 the main rate of corporation tax was reduced to 23% and the impact of this change has been recognised in calculating the effective rate of tax for the year ended 31 December 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was included in the Finance Act 2013, which received Royal Assent on 17 July 2013. The changes are not expected to have a material impact on the financial statements.

#### 6. OTHER ACCOUNTS RECEIVABLE

	2013 £'000	2012 £'000
<b>Non-current:</b>		
Receivables due from fellow group companies	<u>41,509</u>	<u>-</u>
	2013 £'000	2012 £'000
<b>Current:</b>		
Receivables due from fellow group companies	<u>-</u>	<u>41,516</u>

At 31 December 2013, none of the Company's receivables were overdue and the Company does not consider it necessary to provide for any impairment, as the majority of receivables are due from fellow group companies. Receivables are expected to be fully recovered as there is no recent history of default or any indications that the debtors will not meet their payment obligations. At the year end there are no receivables (2012: none) whose terms have been renegotiated and would otherwise be overdue or impaired.

The Company's maximum exposure to credit risk is the fair value of each class of receivable, as shown in note 8.

The Company does not hold any collateral as security and no assets have been acquired through the exercise of any collateral previously held.

Non-current receivables due from fellow group companies of £41,509,000 (2012: £41,516,000 current receivable) are unsecured and are due to be repaid in June 2018. Interest is charged at 1% above UK base rate.

All of the Company's financial assets included in other accounts receivable are denominated in Sterling.



# HUNTING AVIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

### 7. CASH AND CASH EQUIVALENTS

	2013 £'000	2012 £'000
Cash at bank and in hand	<u>3,671</u>	<u>3,154</u>

Cash and cash equivalents have been deposited with a bank that has a Fitch rating of F1 and are expected to be fully recovered.

Cash and cash equivalents at the year-end are denominated in sterling.

### 8. FINANCIAL INSTRUMENTS: FAIR VALUES

The carrying amounts of each measurement category of the Company's financial assets and financial liabilities are stated below, together with a comparison of the fair value and carrying amount for each class of financial asset and financial liability.

	2013	
	Loans and receivables – carrying amount £'000	Fair value £'000
Non-current assets:		
Receivables due from fellow group companies	41,509	41,509
Current assets:		
Cash and cash equivalents	3,671	3,671
	<u>45,180</u>	<u>45,180</u>
	2012	
	Loans and receivables – carrying amount £'000	Fair value £'000
Current assets:		
Receivables due from fellow group companies	41,516	41,516
Cash and cash equivalents	3,154	3,154
	<u>44,670</u>	<u>44,670</u>

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 8. FINANCIAL INSTRUMENTS: FAIR VALUES (continued)

The fair value of financial instruments that are not traded in an active market is determined using standard valuation techniques, predominantly based on discounted cash flows. The carrying amounts of current financial assets and liabilities are a reasonable approximation of their fair values, as the impact of discounting is not significant.

#### 9. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to certain financial risks, namely market risk (including cash flow interest risk), credit risk and liquidity risk. From the perspective of the Company, these financial risks are integrated with the financial risks of the Hunting PLC Group and are not managed separately.

##### a) Interest rate risk

The Company is exposed to cash flow interest rate risk from its cash and cash equivalents and loans to fellow group companies, which are at variable interest rates.

##### b) Credit risk

The Company's credit risk arises from its outstanding receivables and cash and cash equivalents. The Company is exposed to credit risk to the extent of non-receipt of its financial assets, however, it has no significant concentrations of credit risk other than from related parties. Credit risk is continually monitored and no individual exposure is considered to be significant in the ordinary course of the Company's activities.

The Company's outstanding receivables are due from fellow group companies and no losses are expected from non-performance of these counterparties.

Funds are only invested with approved financial institutions and no losses are expected from non-performance of the counterparty.

##### c) Liquidity risk

The Company has sufficient facilities available to satisfy its requirements.

#### 10. FINANCIAL INSTRUMENTS: SENSITIVITY ANALYSIS

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments, and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include receivables and cash and cash equivalents. The sensitivity analysis relates to the position as at 31 December 2013.

The sensitivity analysis has been prepared on the basis that the amount of net cash and the ratio of fixed to floating interest rates of the net cash remain unchanged at 31 December 2013.

The analysis excludes the impact of movements in market variables on the carrying value of non-financial assets and liabilities.

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 10. FINANCIAL INSTRUMENTS: SENSITIVITY ANALYSIS (continued)

For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to be outstanding for the whole year.

Positive figures represent an increase in profit.

##### *Interest rate sensitivity*

The sensitivity rate of 0.25% (2012: 0.25%) for UK interest rates represents managements' assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates.

The table below shows the post-tax impact on the Company's profit for an increase and decrease in interest rates, with all other variables unchanged, at 31 December. Positive figures represent an increase in profit.

	2013 Income statement £'000	2012 Income statement £'000
UK interest rates +0.25% (2012: +0.25%)	87	84
UK interest rates -0.25% (2012: -0.25%)	(87)	(84)

The movements in the income statement arise from the Sterling denominated floating rate loans to fellow group companies and bank accounts. There is no impact on other comprehensive income.

#### 11. SHARE CAPITAL

	2013		2012	
	No of shares	£'000	No of shares	£'000
Ordinary equity shares of £1 each:				
Allotted, issued and fully paid	41,500,000	41,500	41,500,000	41,500

There are no restrictions to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights.

#### 12. CAPITAL RISK MANAGEMENT

The Company's capital consists of equity and net cash, comprising cash and cash equivalents and receivables due from fellow group companies.

## HUNTING AVIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

#### 12. CAPITAL RISK MANAGEMENT (continued)

It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, having due regard to interest rate and currency risks and the availability of borrowing facilities.

Changes in equity arise from the retention of earnings and, from time to time, issues of share capital. Net cash is monitored on a periodic basis and is managed by the control of dividend payments.

At the year end, capital comprised:

	2013 £'000	2012 £'000
Total equity	45,023	44,506
Net cash	<u>(45,180)</u>	<u>(44,670)</u>
Gross capital employed	<u>(157)</u>	<u>(164)</u>

There have been no significant changes in the Company's funding policy during the year.

#### 13. BANKING ARRANGEMENTS

The Company is party to a Group set-off arrangement with Lloyds TSB Bank Plc. There is no set-off in the presentation of cash balances held by the Company in the financial statements. Under this arrangement the Company is jointly and severally liable for any net liability position across the companies' party to the arrangement in the event of default. Any gross liability position cannot exceed a facility limit of £60m.

#### 14. ULTIMATE PARENT COMPANY

The immediate parent company is Hunting Oil Holdings Limited, a company registered in England and Wales. The ultimate parent company and controlling company is Hunting PLC, a company registered in England and Wales. The only group of which the Company is a member and for which consolidated financial statements are prepared is Hunting PLC. The consolidated financial statements of Hunting PLC can be obtained from its registered office at 5 Hanover Square, London, W1S 1HQ.

#### 15. RELATED PARTY TRANSACTIONS

During the year the Company charged Hunting Energy Holdings Limited, a fellow group company, £41,000 (2012: £41,000) interest. At the year end the Company was owed £2,707,000 (2012: £2,708,000).

The Company charged Hunting Knightsbridge Holdings Limited, a fellow group company, £570,000 (2012: £571,000) interest during the year. At the year end the Company was owed £38,002,000 (2012: £38,006,000).

The Company received interest of £12,000 (2012: £12,000) on a loan to Hunting PLC, its ultimate parent company, during the year. At the year end the Company was owed £800,000 (2012: £802,000).