AIR PARTNER

Annual Report and Accounts 2017

TRANSFORMING THE SKIES

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COMPANIES HOUSE

Acquisitions support long-term growth plans

- Underlying profit before tax of £5.1m, an increase of 17.2%
- Commercial Jets performed strongly in Europe and US
- Record JetCard performance with utilisation up 41%
- Consulting & Training division delivered 10% of Group underlying profit before tax
- Clear long-term strategy in place

Gross transaction value
↑ 2.4%
2017: £215.8m
2016: £210.8m

Gross profit
↑ 16.3%
2017: £31.7m
2016: £27.3m

Underlying profit before tax
↑ 17.2%
2017: £5.1m
2016: £4.3m

Statutory profit before tax
↑ 38.6%
2017: £4.3m
2016: £3.1m

Underlying basic EPS
↑ 10.2%
2017: 6.5p
2016: 5.9p

Basic EPS
↑ 45.9%
2017: 5.4p
2016: 3.7p

Final dividend
↑ 6.0%
2017: 3.6p
2016: 3.4p

Total dividend
↑ 7.2%
2017: 5.2p
2016: 4.9p

Contents

Air Partner is on a journey: an exciting journey of transformation to become a world-class aviation services group. Something to be reckoned with in the world of aviation.

We have expanded beyond our core business of brokering chartered flights for private and commercial jets and freight. We have incorporated aircraft remarketing and safety consultancy and training through our acquisitions of Cabot Aviation and Baines Simmons, and have recently added the dynamic skills of Clockwork Research with its innovative approach to fatigue management. The Group remains committed to expanding the range of services we offer to our customers as we aim to fulfil our long-term aims. Alongside this, we are reconfiguring and reinvigorating our brand as well as investing in our infrastructure to facilitate this change.

At the heart of this are people: our customers and our staff. We continue to attract and retain the best people – those capable of, and dedicated to, providing our customers with the highest levels of knowledge, expertise and customer service. This creates value both for our shareholders and our stakeholders and gives purpose and distinctiveness to our brand.

Moving into 2017 and beyond, we are creating the platforms and the infrastructure that are leading the Group steadily towards greater visibility, higher earnings capacity and the ability to create long-term value.

Transforming the skies

Seldom, since our foundation in 1961, has there been a year with more political upheaval and ensuing economic uncertainty than 2016. But the skies are increasingly busy, and our balance of services means we have much to offer.

2016 certainly qualifies for the description 'interesting times'. The challenges we have all faced this year are sufficiently well known not to have to itemise them here. Yet the Group has steadfastly progressed in such 'interesting times' and is set to continue to do so.

Air Partner, with our balance of aircraft charter and consulting and training services, is in many ways configured to counter the ups and downs of world events. Economic uncertainty may pose challenges to our standard broking business, but we can balance that by meeting out-of-the-ordinary commercial requirements, helping support disaster relief and, of course, offering the safety management services without which aeroplanes could not fly. Our focus on offering customers a range of services, all over the world, is helping ensure that in good times and bad, Air Partner is in demand.

"We've had a great year – being part of a plc gives us greater credibility."

TONY WHITTY, Managing Director, Air Partner Remarketing (formerly Cabot Aviation)

"2016 has been a year of delivering a profitable first full year with the Group."

JUSTIN SCARBOROUGH, Interim Managing Director, Baines Simmons

"Most of our people's raison d'être is to save lives."

BOB SIMMONS, Founder, Baines Simmons

"We're developing new ways of delivering excellent experience for our customers – and repositioning our brand to highlight our strengths."

JULIA TIMMS, Group Marketing Director

"We're succeeding in maintaining our unique culture – always a challenge when you're integrating new businesses, but essential for our long-term success."

RACHEL THRIPP, Group Head of Human Resources

"We have really strengthened the IT infrastructure of Air Partner this year."

LEE PYLE, Group Head of Technology

"It's been a good year, and the strength of the financial contribution from our newly acquired businesses is proving our strategy."

MARK BRIFFA, Chief Executive Officer

"A highlight of 2016, was flying the Hillary Clinton campaign and building our presence in the US."

RICHARD SMITH, Head of Product, Air Partner Broking

"Our broking business has done really well in a challenging market and against a challenging political backdrop."

NEIL MORRIS, Chief Financial Officer

Chairman's statement

The Group has a clear long-term strategy to become a world-class global aviation services group. Great progress has been made since we began this transformation in 2014, and the period under review has been no exception. Indeed, it has perhaps been the most active and successful period we have experienced during my 12 years at Air Partner.

I am pleased to report a strong performance for the year ended 31 January 2017. Gross profit rose by 16.3% to £31.7m, underlying profit before tax increased by 17.2% to £5.1m and reported profit before tax by 38.6% to £4.3m.

As I have mentioned in prior reports, in 2014 we took a thoughtful and critical look at our industry to evaluate not only our own market position, but the challenges and opportunities that lie ahead. As part of that process, we undertook an extensive programme of engagement with our staff and customers to understand not only their needs, but their expectations of us. No stone was left unturned and we looked far into the future to assess what we wanted to be, where we wanted to be, and just as importantly, where we did not want to be.

We formed a long-term strategy that places the customer first and has the power to transform our business model, reducing volatility and improving the overall quality of our earnings. This year, the results of this long-term strategy are beginning to emerge.

Maintaining a progressive dividend

We are proposing a final dividend of 3.6p, taking the full year dividend to 5.2p, an increase of 7.2% and equivalent to 1.3 times dividend cover. Our policy is to target cover between 1.5 and 2.0 times underlying earnings per share. Cover this year is below that range, due to a £0.4m prior year, one-off adjustment for tax. Subject to approval at the AGM on 28 June 2017, we expect to pay the final dividend on 5 July to those shareholders on the register at close of business on 9 June.

Board changes

During the period, we completed the alignment of our Board to reflect the direction of our long-term strategy. Accordingly, we welcomed Amanda Wills CBE, Shaun Smith and Richard Jackson to the Board, effective 20 April, 1 May and 8 September 2016 respectively. Having overseen these changes, we announced on 2 February 2017 that I would be standing down as Chairman at the next AGM on 28 June 2017 after 12 years as a non-executive director. I am delighted that, following a formal selection process, Peter Saunders, our current Senior Independent Director, will replace me as Chairman effective from that date, subject to his re-election at the AGM. Peter has played an important role in our transformation and I trust will continue to both support and challenge the Executive team in the years ahead.

Thank you

Air Partner is a unique company. Our plc status is a key strength: it offers customers, employees and shareholders – indeed, all our stakeholders – reassurance that we operate to the highest standards of governance and ethics, and are transparent in all our finances and business dealings. Over the past five years since I became Chairman, it has been my privilege to witness the development of Air Partner from a pure broking business, to the vibrant, diverse aviation services company it is today. People are at the heart of our business, and it remains for me to thank my colleagues on the Board and across the whole Group for their support and hard work, not only in delivering a great set of results for our shareholders this year, but also in creating a strong platform for growth. I wish you all every success into 2017 and beyond.

Richard Everitt
Chairman

Explaining our business

Group at a glance

Air Partner is a global aviation charter specialist and an expert in safety consulting and training. On the aircraft charter side, clients include corporate customers (such as sports teams and tour operators), governments and high net worth individuals, who require our skills and expertise to solve often complex aviation requirements.

For our Consulting & Training business, clients include airlines, defence organisations and aviation authorities globally.

257
aviation professionals

24/7
service

20
countries

55
years of avaition experience

4
continents

Only
publicly listed air charter broker and safety consultancy

Broking

Commercial Jets 57%

Aircraft charter (20-500 passengers) for governments, corporates, sports and entertainment teams, industrial, manufacturing customers and tour operators. Also includes Air Partner Remarketing and short-term aircraft leasing services.

Private Jets 39%

Small aircraft and jets charter (up to 19 passengers) for corporates, high net worth individuals and governments, for both business and leisure. Bespoke service and prepaid JetCard product for access to private jets.

Freight 4%

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

Consulting & Training

Baines Simmons 100%

World-leading aviation safety consulting and training services in regulation, compliance and safety management for civil and defence aviation organisations.

Clockwork Research

(acquired December 2016)

Fatigue risk management consulting services principally for aviation customers, as well as other safety-critical operating environments, such as the oil and gas and mining sectors.

Percentages represent that company's or product's proportion of the division's overall gross proft. Clockwork Research was acquired just before the year end, so its contribution was negligible.

Market overview

We have been in aviation services for more than 55 years. The market – both aviation and the wider market – has changed significantly during that time. With a history in aircraft broking centred on the UK, our vision is to become a world-class aviation services group.

A steadily growing global aviation market
In the short term, the global aviation market can be adversely affected by geo-political issues or 'acts of God', but the longer-term trend is positive. The International Air Transport Association (IATA) predicts passenger traffic to increase to 7.2 billion passengers in 2035, a near doubling of the 3.8 billion air travellers in 2016[1].

While this assumption is based on trade liberalisation gathering pace, even a more pessimistic assumption based on increased protectionism predicts 5.8 billion passengers in 2035. The message is clear: the aviation market is growing and as it does so, the demand for aviation services will also increase. We are therefore adding new service lines to complement our core broking offering, strengthening our customer proposition and extending our global reach.

Our unique position in the market
In an industry where asset ownership is commonplace, Air Partner's strategy is different. We don't own aircraft – rather, our main assets are our people, brands and reputation (see our business model on pages 10-11), and we aim to grow on this basis.

Meeting our clients' needs is at the heart of everything we do. By offering more services in the two broad categories of broking and consulting/training, not only do we increase the chance of retaining our customers, we have the opportunity to cross-sell services to strengthen our relationships further.

1. Source: IATA.

Passenger traffic growth scenarios
(Pax billion)

Environment
Our own direct carbon footprint is negligible, however we are involved in an industry that makes a small but significant contribution to man-made carbon dioxide emissions. Accordingly, we have investigated the environmental performance of the aircraft types we offer and, uniquely among our competitors, we share this data with our customers, right from the start, so they can factor this into their choices. Unlike other providers who may, or often may not, offer just a standard carbon offset scheme based on their own limited fleet (which could be ill-suited to the mission in any case), Air Partner offers a totally bespoke solution every time. Then we offer to neutralise the calculated impact of these emissions.

The market for broking
At Air Partner, broking encompasses commercial jets, private jets, freight, emergency planning (our bespoke disaster response service) and aircraft remarketing. The global air charter market is highly fragmented, with low barriers to entry and little or no regulation. Other than direct competitors, there are also competitors offering similar services with a different business model, particularly in the private jet sector (eg fractional ownership, charter of their own aircraft or charter of aircraft under their management). Other competitors aim to use technology to create a seamless end-to-end booking process, seeing this as an advantage.

We aim to differentiate ourselves as follows:

- **service:** we offer our customers an unrivalled service, whether this be a product that provides better service levels, such as JetCard, or a complete service that our competitors cannot offer, such as a charter service with a safety audit of the carrier
- **reputation:** in a market where competitors come and go, our 55-year heritage demonstrates stability, safety, quality and financial performance
- **our people:** in our experience, technology cannot replace people. We invest in technology to improve the customer experience and drive efficiencies, but the key to our success is a genuine 24/7/365 service by our aviation experts for customers who want a bespoke, personal service.

Material geopolitical events and/or natural disasters can cause short-term downturns in demand for aircraft charter (for example, 9/11 or the Eyjafjallajökull volcanic eruption), although our Emergency Planning Division is often called on at such times, for example, providing aid to a disaster zone, or arranging troop transfers or evacuations in times of war. Moreover, our vision to supply a greater range of services across a broader geographic area should help mitigate local challenges.

The market for consulting and training

The pace of growth of the aviation industry, busier skies, more competition, demands for higher fleet utilisation and greater operational capability are occurring against a backdrop of zero tolerance of accidents. This is increasing pressure on safety results and management. Furthermore, the aviation safety world has evolved over the past five years from one where it seeks to understand how safety management systems (SMS) work to securing effective performance.

Forecast of numbers and value of aircraft in operation[2]

	Aeroplanes in service 2015 to 2035		Demand by size 2016 to 2035	
	2015	2035	New aeroplanes	Value ($bn)
Large widebody	740	700	530	220
Medium widebody	1,640	3,690	3,470	1,250
Small widebody	2,660	6,060	5,100	1,350
Single aisle	14,870	32,280	28,140	3,000
Regional jets	2,600	2,510	2,380	110
Total	**22,510**	**45,240**	**39,620**	**5,930**

2. Source: Boeing.

Unlike broking, consulting and training services exist in a highly regulated environment, and one in which regulations are constantly changing. Indeed, it is this change and constant desire to improve standards that underpins the business models of both Baines Simmons and Clockwork Research (see page 10).

Civil aviation

In 2013, global regulators began to move towards performance-based regulation (PBR). This is now standard practice for the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA). By moving to a PBR approach, regulators are aiming to embed a risk-based approach to safety, whether this be SMS or fatigue risk management. This move is providing opportunities for both Baines Simmons and Clockwork Research to take their services beyond the UK and Europe to Asia, Australia and North America.

Defence

In the defence market, bodies such as the European Defence Agency (EDA) have committed to the principles of harmonisation of airworthiness requirements. Through its long-term relationship with various military authorities around the world, Baines Simmons is well positioned to benefit from the opportunities that will arise.

Business model and strategy

To create long-term, sustainable value for shareholders, we are developing a total offer for customers in the air charter market who will choose us because we provide the best in quality, safety and service. Growth by acquisition is core to our strategy.

What we offer

Aircraft charter

At the core of our business model, providing tailored services for many years, leveraging our relationships with the majority of aircraft operators and enabling us to select the aircraft appropriate for our customers' needs. Profit is largely generated through commissions, although some fee income is generated through the provision of professional services or, in the case of our Emergency Planning Division, subscriptions.

Aircraft remarketing

Air Partner Remarketing (formerly Cabot Aviation) provides comprehensive remarketing programmes across the globe for all types of commercial and corporate aircraft. Projects involve selling or leasing aircraft; selling aircraft with leases attached or arranging sale and leasebacks; acquisition mandates for lessors and airlines; wet leasing; consultancy and aircraft technical services. Profit is largely generated through commissions attached to mandates as well as through retainers.

Consulting and training

Baines Simmons is a world leader in aviation safety consulting, specialising in aviation regulation, compliance and safety management and partnering. Through our bespoke consultancy programmes and practical training services, we help to bridge gaps of knowledge, competence, skills and understanding between regulated organisations and their employees, and regulatory authorities and their inspectors. Our outsourcing operations are mostly covered by the service we provide to support the Isle of Man Aircraft Registry.

Clockwork Research acquired in December 2016, is a world-leading fatigue risk management consultancy that delivers innovative solutions for clients across various sectors of the aviation industry. Clockwork Research's approach is based on a scientific understanding of fatigue on safety-critical operations.

Our customers

Charter customers

Corporate customers (including sports teams and tour operators), governments, and high net worth individuals, who require our skills and expertise to solve often complex aviation requirements. Projects range from one-off charters to much longer or more complicated projects spanning many months or multiple rotations.

Remarketing customers

A wide range of international customers drawn from the airline and financial services sectors, including banks, lessors and liquidators.

Consulting and training customers

Core customers include defence, commercial airlines, private jet operators and ancillary service providers to the aviation industry (for example OEMs).

Strategic priorities Read more on page 30

- **Optimise our core**
  This summarises our aim to achieve more with the resources we currently employ, whether this be to increase efficiencies at an operating level or to grow gross profit through our 'Customer First' initiative, as described to the right.
- **Enhance and extend our offer**
  Air Partner's aim is to become a global aviation services provider. To mitigate the inherent risks in our core broking business, we therefore have embarked on a strategy of increasing the range of services the Group provides.
- **Creating value by putting our customers first**
  During 2015, we began our Customer First programme. Ultimately, it will enable us to provide an unrivalled customer experience, enhancing our brand and differentiating us. Our brand, and people strategies aim to ensure that Customer First is deeply embedded in everything we do, while our technology strategy will provide the infrastructure to roll out this approach quickly to new services.

What differentiates us

Our people
Whichever part of the business they work in, our people are the ones who deliver the high-quality experience our customers expect. Sourcing, retaining and motivating our people is therefore critical to maintaining the service levels our customers demand. Our commitment to training, remuneration and clarity of roles is essential for our success.

Read more on page 12

Our brand
The global aviation services market is broad, fragmented and competitive. Differentiating our brands is therefore essential for our current and future success. Maintaining and enhancing brand identity requires a consistently excellent customer experience – and, in the long run, we aim to build an unrivalled proposition by offering the full range of aviation services our customers want.

Our technology
Technology is core to providing an enhanced customer experience and building a global aviation services group. To fulfil our Customer First ethos, we must invest in infrastructure that enables us to understand our customers and cross-sell our services. And, as we increase the number of services we provide, that infrastructure must be scalable to manage costs.

Read more on page 14

Our capital resources
The strength of our balance sheet differentiates Air Partner from our competitors. It helps us support and retain key customers by providing credit terms, while enabling us to offer additional aviation services through judicious acquisitions.

Read more on page 28

Our plc status
Air Partner is the only listed company in its sector and this, coupled with the fact the business has existed for over 55 years, provides our customers with a level of financial transparency and assurance that our competitors cannot offer.

- **Developing and retaining our people**
  Teamwork is the cornerstone of our business. We invest in our people and give them an environment in which they feel included, valued, empowered and able to reach their full potential. Having a team of skilled and motivated brokers, trainers and consultants with the experience to deliver the service required by Customer First is critical to our ongoing success. We recognise their dedication by linking remuneration to performance and actively encouraging personal development by offering training to build capabilities and encourage the right behaviours.

- **Maintain and enhance our brand identity**
  With a track record of over 55 years, Air Partner is well-known in the aviation industry. Our transformational journey from a broking business to an aviation services group has meant the Group has extended beyond the original Air Partner brand. Baines Simmons and Clockwork Research are both well respected businesses in their own sector, and collectively our brand is stronger through the addition of these businesses.

People: the fuel of our business

We are a relationship-based business and our success depends on our people. We have always been a lean organisation able to adapt quickly to reflect changes in the industry, and having an experienced, motivated and engaged team is critical. As we grow and offer our customers new aviation services, this only becomes more important.

An open, progressive culture
Air Partner is a developing business. Part of the challenge as we grow and take on people from new acquisitions is to integrate everyone so that they feel part of the Air Partner Group. Key to this is our people-centred culture. Our aim is to run a business that is equitable for all, regardless of gender, race, nationality, disability or any other difference, and to treat everyone fairly and with respect. A number of key elements make our culture people-centred. We have a flat structure, enhanced by a genuine 'open-door' policy. Proof of this is the fact that our headquarters is entirely open-plan, with the exception of our CEO's and CFO's offices. And even our most senior leaders make sure they connect with employees on a day-to-day basis. We encourage two-way conversation, supported by initiatives like our engagement survey, our employee forum, and the CEO's breakfasts throughout the year, open to all employees, which, while non-obligatory, are often well attended. We offer flexible working and advocate a healthy lifestyle, through initiatives such as providing fresh fruit and healthy snacks for our team and subsidising gym memberships.

Recruitment and retention
People tend to stay with Air Partner for a good length of time. The average stay is five years and some of our staff have been with us, 10, 15 or 20 years plus. We have initiatives to ensure we are successful at retaining our key people. With our recent acquisitions, we want to ensure that this continues.

"I have been with Air Partner 10 years, and the business has grown in many ways but we have maintained the core values that have always been central to Air Partner."

RACHEL THRIPP, Group HR Director

We are keen to ensure that people remain engaged and challenged in their roles and aim to reach their full potential. To underscore the importance of this, we are working towards 'engagement' as a key performance indicator (KPI), measured through our Employee Engagement survey, which we carry out every two years. The most recent survey was launched in February 2017, and we will report on our engagement score in next year's annual report.

Integrating new businesses
Successful integration is a key and necessary objective of any acquisition or merger. Integrating small, similar businesses tends to be easier, because there is already a common way of working, and this is reflected in the smooth integration of Cabot Aviation, now Air Partner Remarketing. Bringing on board an entirely new type of business, as we did with Baines Simmons, is more challenging, but, as shown by the profitability of the business this year, we are well on the way to succeeding in winning hearts and minds. Our most recent acquisition, Clockwork Research, has, like Cabot Aviation, been very straightforward, and we look forward to working more closely with and learning from our new businesses as they integrate into the Group.

Equal opportunities and human rights
We are committed to providing equal opportunities and ensuring our staff can work without discrimination. Full consideration is given to employees with a disability and should an employee become disabled while working for us, we would make every effort to enable them to continue to work for the Group. As at 26 April 2017, Air Partner had seven directors, including one woman. Of our 257 employees, 138 were men and 119 women, and three of our nine senior managers were women. Air Partner has a responsibility to conduct business in an ethical way and accordingly has in place internal policies to support recognised human rights principles. These include policies on non-discrimination, health and safety, environmental issues, and bribery and corruption. We maintain a zero tolerance approach to bribery and corruption and a programme of internal training is in place to ensure that all staff are aware of the Group's policies.

Employees by gender

Men

Women

2017: 54% men, 46% women
2016: 56% men, 44% women

The comparative differs to that disclosed in note 8, which discloses the average number of FTEs for the year, rather than the number of employees at the year end as disclosed here.

Employees by division

Broking

Consulting & Training

Employee turnover

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

25%

Getting technology right

Having the best possible technical infrastructure is key to supporting our ambition to offer a full range of services to our customers, while maintaining an efficient, cost-effective business.

Ramping up our investment

2016 has seen Air Partner investing significantly in technology as a necessary counterpart to efficient, long-term growth. During the year, we appointed a new Group Head of Technology, Lee Pyle, to lead an expanded IT team to deliver the technical platform we need to underpin the business.

A central part of this work was to enhance our core Group IT systems, and during the year we introduced an upgraded financial system which will make the gathering and reporting of data faster and more efficient. We also began the development of a new customer relationship management (CRM) system, set to go live later in 2017. This is essential to enable us to understand our customer base better across the divisions, especially now that our Customer First programme is well under way.

It is also a key platform for growth: we need to be able to integrate our acquisitions easily into our systems, and also be able to get a picture of our customers across the whole Group. This will enable us to identify opportunities for cross-selling, which are an integral part of our strategy.

"Technology is a key platform for growth: we need to be able to integrate our acquisitions easily into our systems."

LEE PYLE, Group Head of Technology

Looking ahead

We have two key aims for 2017. First, we aim to introduce Cloud technology that will, among other functions, help our customer service team work more flexibly, including spending more time out on the road working more closely with customers. Second, we are significantly enhancing our digital communications platforms in partnership with the marketing team, whose remit has been to refresh our brand and raise the profile of the Group. Technology is essential to these developments, and both teams have been working closely together over the past year towards the shared goal of a stand-out brand with an agile and responsive digital capability.

Expanding our services

In pursuit of our vision to become a global aviation services company, we're broadening our offer to encompass a full range of aviation services, and expanding where we operate to become truly global. In doing so, we aim to take our existing customers with us.

We are extending our product range and our geographic presence through carefully targeted acquisitions, which should in time offer mutual benefits to our core broking business. The key to success in this area is integration, and the acquisition of Cabot Aviation, now Air Partner Remarketing, enabled us to test the water. A small business in a similar field, it proved the model, while the acquisition of Baines Simmons added safety consulting and training to our offer. The addition of Clockwork Research at the end of 2016, with the safety benefits of fatigue risk management, will help add depth to the consulting and training side of the business.

Each new acquisition not only broadens our product offering, it broadens our geographic reach as well, since each has trading partners in different territories. In addition, it gives us the ability to offer a total aviation service to customers, which becomes increasingly attractive across all markets.

Strong finances
Underpinning this strategy is careful financial management. Capital allocation is key, and low risk is of paramount importance – every pound we spend must generate the highest possible return.

As part of that, we need a robust integration plan, and we have learned many lessons from the acquisitions of Cabot Aviation and Baines Simmons, particularly the importance of communication and culture, which will help us integrate Clockwork Research, and other potential new businesses. We are pleased that, under the first full year of our management, both Cabot Aviation and Baines Simmons have delivered profits to the Group, and we look forward to working closely with the Clockwork Research team.

Looking ahead
The Group continues to assess investment opportunities, both organic and acquisitions, in line with our stated strategic objective to become a world-class global aviation services group.

"Each new acquisition helps us offer a total aviation service to customers."

MARK BRIFFA, Chief Executive Officer

Racing safely
Our Commercial Jets division was presented with a typical enquiry from a well-known automotive company, comprising the customer's required flight route, number and profile of passengers. At this point, our Group Charter team identified a synergy of safety culture between Air Partner and our client. As a result, Commercial Jets liaised with Baines Simmons and asked them to carry out an audit of the two operators that our client would be using. Commercial Jets and Baines Simmons: a winning combination!

Expanding our services continued

Triple 777 success
Not only did being part of a plc help Cabot Aviation (now Air Partner Remarketing) win the mandate from Kenya Airways to remarket four B777-200ERs but Air Partner's long-standing relationship with a major independent American operator facilitated the successful sale of three of these aircraft to this carrier.

1 Air Partner Remarketing (Cabot Aviation)
Provides comprehensive remarketing services for all types of commercial and corporate aircraft to a wide range of international clients.

2 Baines Simmons
A world leader in aviation safety consulting specialising in aviation regulation, compliance and safety management.

3 Clockwork Research
A leading fatigue risk management consultancy.

1 Air Partner Remarketing (Cabot Aviation) – a sure first step
With our first acquisition, in May 2015 – aircraft remarketing specialist Cabot Aviation – we were dealing with an ad hoc business with the same essential quality of earnings as our aircraft charter divisions. It was therefore a fairly sure step with which to test our integration capabilities, while giving us a valuable foothold in new territories. Cabot had a very profitable first full year as part of Air Partner, and is now being brought more closely into the fold as Air Partner Remarketing.

Air Partner Remarketing (Cabot Aviation) – key facts

- Founded in 1998
- One of the leading specialist aircraft remarketing brokers in the world
- Global sales presence
- Acts as agent and broker to airlines and airline owners

2 Diversifying our offer with Baines Simmons
Our next acquisition, in August 2015, of safety consulting and training experts Baines Simmons, was a fundamental step forward in our strategy, adding a brand new area of expertise to the Air Partner offer. As such, the integration has taken more time and work than Cabot Aviation, but despite the challenges, Baines Simmons has also had a profitable first full year with the Group. Our aim to achieve more balanced earnings is therefore already taking shape.

Baines Simmons – key facts

- Founded in 2001
- Leading authority in aviation safety consultancy for civil and military markets
- Specialises in aviation regulation, compliance and safety management
- Clients include 750+ aviation organisations and 40+ aviation authorities
- 46 permanent employees

3 Expanding our specialist skills with Clockwork Research
With the acquisition of Clockwork Research, we are investing further in safety management and consulting, and expanding our offer alongside the core consulting and training services of Baines Simmons. Co-founder Dr Alexandra Holmes discusses joining Air Partner.

'Considerable mutual benefit'
'We've been going for 12 years and have built up a very good reputation among the big aviation operators,' she says. 'What we offer is almost unique. We do sometimes come up against universities but they wouldn't, for instance, repeatedly go to the Maldives to carry out research and build a bespoke fatigue management system. We're very hands on and spend a lot of time with clients, building relationships. We tend not to lose them.

'We weren't looking to sell necessarily, but could see that there was a much larger need for our service with the increasing awareness of performance safety and health. Joining Air Partner will help us grow and meet that need. There are huge opportunities and, along with Baines Simmons and other complementary acquisitions, we will help move the Group into a different space. We're looking forward to working with Air Partner's existing clients and also introducing them to ours – we see considerable mutual benefit.

'My team has really embraced becoming part of Air Partner, which has made the integration process really straightforward.'

Clockwork Research – key facts

- Founded in 2005
- Recognised leader in fatigue risk management systems
- Clients in aviation, oil and gas and mining; government departments and industry bodies
- Core team of scientists based in the UK supported by consultants in the US, Europe, Middle East and Australia
- Five people

Principal risks and uncertainties

The Board has carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

Risk management process

The Board defines the risk appetite and monitors the management of significant risks to ensure that the nature and extent of the significant risks taken by the Company are aligned with the overall goals and strategic objectives. Our risk appetite influences the culture of our business and how we operate, and is reflected in our management structure. The Operating Board supports the Board in monitoring the exposures through regular reviews and its general oversight of the day-to-day running of the business.

Annual risk analysis

We identified and assessed new and existing risks over the course of the year as the Group's overall risk profile continued to evolve. The Board and the Operating Board performed further analysis to prioritise these risks, with a focus on those considered to pose the greatest risk to achieving our objectives.

During the year, there has been a change to our legal and regulatory risks following the potential uncertainties arising from Brexit and the US Presidential election. However, both of these political events could present opportunities, and we are continuing to evaluate the situation.

Our principal risks and uncertainties

The principal risk to the Group's business stems from the general economic conditions in which our clients operate, affecting their willingness and ability to charter or contract consulting services. Ad hoc charters are likely to continue to be affected by serious economic instability in the major world markets.

The pervasive risk to Air Partner's chartering business is the fact that lead times for ad hoc bookings are measured in days or weeks, rather than months. Forward bookings can be impacted very suddenly by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another. Economic uncertainty affects corporate, government and individual clients and affects the quality of aircraft supply as operators consolidate or leave the market.

Contractually, this risk is mitigated in that we sell capacity on aircraft owned and operated by a third party, and contracts with our customers are normally placed as mirrored transactions.

The Group does not have any contractual arrangements with any significant individual or company which are essential to continuation of the business.

General business risks faced by the Group, such as those disclosed within note 2, are those faced by businesses with similar characteristics. Those listed here are the principal risks considered by the Board to have a potentially material impact on the Group not achieving its long-term strategic objectives.

Risk	Change in risk assessment	Strategic initiatives potentially impacted	Potential impact	Controls/processes to mitigate
Market conditions/ cost structure Forward visibility into air charter bookings is often measured in days or weeks, rather than months and can be materially affected by changes in financial markets, political instability and natural events affecting the movement of people or cargo from one country to another.		Customers Maintaining brand value	Limited visibility into future bookings may result in a cost structure that does not align with market conditions.	Extension of the offering following the acquisition of Cabot Aviation Services and particularly Baines Simmons has enhanced the stability of earnings by adding more predictable revenue streams to the Group. Further diversification of the client base of the aircraft chartering business across governments and non-governmental organisations, commercial enterprises and individuals, as well as across geographic regions, allows for some smoothing when there are seasonal or sectorial changes in demand. We continue to focus on overheads to ensure they are appropriate to the level of business and appropriate action is taken if necessary.
Retaining, developing and expanding the Group's customer base The challenge of retaining and expanding customers in a highly competitive environment with low barriers to entry.		Customers	The Group's ability to maintain and grow revenue could be adversely affected.	Roll-out of the Customer First programme which underpins the Group's strategy for identification of, and marketing to, potential customers while elevating the customer experience through improved process capabilities.
Attraction, retention and motivation of staff The challenge of attracting new talent and retaining existing key staff.		Customers Developing and retaining our people Optimising our core Extending and enhancing our offer	Loss of earnings.	Investment in recruitment and in talent management, through internal and external courses, especially through a long-standing arrangement with Cranfield University to improve performance. Elements of remuneration are tied to individual and Group performance. Regular review of remuneration and other incentives to ensure we remain on par with our competitors.

Principal risks and uncertainties continued

Risk	Change in risk assessment	Strategic initiatives potentially impacted	Potential impact	Controls/processes to mitigate
Financial counter party risk Financial exposure following payments in advance of services to operators.		Customers	Loss of earnings.	When selecting which operator to use, we assess reputation and financial strength in order to mitigate the risk of making payments to businesses that may fail. In addition, where possible, we use third-party bank guarantees instead of cash deposits.
Non-financial counter party risk Reliance on third parties for delivery of services to end clients. Operator compliance with relevant regulations.		Customers Maintaining brand value	Failure of aircraft or operator chartered by Air Partner.	We always choose high-quality aircraft and carriers for every charter. Air Partner maintains non-owned aircraft liability insurance which can also be extended to clients. All flights are watched in operation by the in-house operations team. In addition, there is both an internal audit and external audit process, the latter performed as part of the ISO accreditation.
Competitor risk The risk of falling behind competitors in product development, standards of service or cost effectiveness.		Creating value Maintaining brand value	Loss of customers.	Roll-out of the Customer First programme across the Group will embed a unified and elevated level of customer service delivery by aligning our sales and marketing strategy with service delivery. We also undertake regular client surveys to ensure we remain responsive to competitor activity and client demands within acceptable price levels for the quality and standards of service provided.
Legal and regulatory The challenge of operating in multiple jurisdictions subject to a large number of different and evolving laws and regulations, including tax and civil aviation authority requirements.		Customers Maintaining brand value	Non-compliance with regulations could result in loss of customers or damage to the Group's brand.	Management reviews policies and processes at Operating Board level. The business has a range of policies to minimise these risks, and reviews and updates them on a regular basis.

Risk	Change in risk assessment	Strategic initiatives potentially impacted	Potential impact	Controls/processes to mitigate
Business growth Challenges in enhancing and extending the Air Partner offer following recent acquisitions.		Customers Extending and enhancing our offer	Maintaining control over the strategic and commercial activities of new operations resulting in financial loss or reputational damage.	We have a dedicated integration team to ensure that benefits arising from an acquisition are maximised while maintaining control over operations.
Reputational risk Damage to Air Partner's reputation following incident or inappropriate action.		Customers Maintaining brand value	Damage to the Group's brand could result in loss of clients or impair its ability to expand the customer base.	Our brand values of honesty, truth and reliability are treated very seriously. Discretion is key to our customer service and its importance is communicated to all members of the team.
Business interruption Reliance on systems for sourcing and booking aircraft and client management.		Customers Maintaining brand value	Systems failure could result in business interruption.	Business continuity and disaster recovery plans are in place to mitigate this risk.

2017 performance

Chief Executive's review

2016 will be a year that many will remember as one of seismic and surprising change, especially on the political front both at home and abroad. On the quieter stage of aviation, our skies get busier and business gets more challenging, but Air Partner has completed the year with a set of results to make us proud and give our shareholders confidence in our strategy.

Mark Briffa Chief Executive Officer

The Group has made great progress during the year, delivering an underlying profit before tax of £5.1m, a 17.2% increase year-on-year. As ever, these results reflect the dedication and drive of all our staff, who continue to put our customers first, providing an unrivalled and differentiated service in our sector.

One Group, two divisions

The Group is structured into two complementary divisions: Broking, which delivers aircraft charter and remarketing services; and Consulting & Training, which delivers professional services, predominantly in the aviation safety sector. Both divisions operate internationally, servicing a high-quality customer base. Both divisions will play important roles in delivering our long-term strategy to become a world-class global aviation services group with a balanced business mix between the two.

Broking performance

Our Broking division has performed well this year, achieving a gross profit of £26.1m and an underlying operating profit of £6.6m which compare to £25.2m and £6.1m respectively in the prior year. This masks a better underlying performance, with some significant new business wins replacing a contract we expected not to be renewed as we entered the year. These wins were a result of some excellent teamwork, creativity and innovation by our people delivering solutions to some of our customers' most complex and technical needs. Our Customer First approach is delivering, and helping us measure, better levels of service and partnership with our most valued customers. As a result, we are seeing increased customer loyalty, and, with a greater portfolio of products, we are seeing the breadth of our activity with valued customers expand.

During the year, we took steps to further enhance our Private Jet and JetCard offers, and we expect to evolve JetCard in the years ahead to reflect the lifestyle needs of our customers, in partnership with Camper & Nicholsons International. Since 1782, they have been synonymous with the world's leading yachts, and today are global leaders in all luxury yachting activities, specialising in their charter, sale, purchase, marketing, management and construction. This partnership

"These results reflect the dedication and drive of all our staff, who continue to put our customers first."

provides customers with a one-stop shop for all luxury air and sea-based travel needs. Other initiatives are under way to further enhance JetCard and I hope to be able to report to you in the future about some innovative work we are doing to make our customer experience the very best it can be.

Air Partner remarketing – formerly Cabot Aviation – also completed some significant projects in the year and the pipeline for the year ahead looks good.

The team, under the strong leadership of Tony Whitty, is responsible for all remarketing activity at Air Partner globally, and during the period we took the decision to consolidate all our short-term leasing activities under Tony's wing so that we can leverage our expertise and understanding of the marketplace and service the customer better. The results from both the rebranding and the combination have been outstanding, and I believe the long-term outlook for our remarketing operation is excellent as we work with more international customers and add scale. Remarketing will be a beneficiary of organic investment and focus, and, while we will not rush anything, we hope to have a significantly larger remarketing business in three to five years than we do today.

Consulting & Training performance

This report marks the first full year of operation from our Consulting & Training division, with a contribution of £0.5m, equating to 10% of our underlying profits. I am very pleased with this maiden performance, and excited that the division is well positioned for future success. Almost all of this comes from Baines Simmons, our leading aviation safety consultants specialising in aviation regulation, compliance and safety management, which has performed well and is in a strong position to grow and develop in the years ahead. In December 2016 – seven weeks before the end of the financial year and 15 months after the completion of the Baines Simmons acquisition – we acquired Clockwork Research, a leading fatigue risk management consultancy. Integration of Clockwork Research was carried out on time and as planned. Similar to Air Partner Remarketing, Clockwork Research will be a beneficiary of future organic investment and focus as we

Highlights of the year

£31.7m
Gross profit

£5.1m
Underlying profit before tax

6.5p
Underlying EPS

5.2p
Dividend per share

- Stand-out performance from Commercial Jets
- Consulting & Training division profitable in first full year of ownership
- Record JetCard performance

Chief Executive's review continued

> *"We have identified the services and capabilities we need to add or enhance, and the geographies where we need to add scale."*

assist them to scale the business. As we work better together across the Group to deliver what our customers need, we expect the division's contribution to our results to increase in future years as we become a more balanced business.

A common platform for growth
We have maintained our commitment to organic investment in core systems and controls. Our technology programme, Project Connect, began in 2014 and got us fit to compete globally. It enabled our latest upgrades, which began in February and should be finalised by the end of 2017. The scale of the programme cannot be understated as it puts in place a solid foundation for future growth and is a core enabler to successfully carrying out our long-term strategy.

We are introducing new platforms from which we can share data across the Group and which have the ability to accommodate the needs of any new acquisitions as soon as they come on board. This will give us greater consistency and flexibility. We introduced a new Group-wide finance system, which came on-stream in February, and will be moving all our companies onto a common CRM platform during 2017.

Transforming the business mix
Organic growth and self-improvement are at the heart of our long-term strategy, and by aligning ourselves closely with our most valued customers, we are better able to identify not only new business opportunities but also the strategic gaps across the Group. We have identified the services and capabilities we need to add or enhance and also identified the geographies where we need to develop a presence or add scale. In the years ahead, we will address these strategic gaps by either building a market-leading position organically or acquiring suitable businesses and platforms.

It sounds straightforward – and as an idea, it is. The challenge lies in execution. We recognise that every acquisition carries risk – as it does reward and opportunity. We will judge risk and reward in detail before committing to acquisitions and deploying our capital. We are able to quickly assess a business's strategic fit on various criteria, but alongside the analysis of its financial statements – the due diligence of financial track record and performance, and the assessment of future economic returns all speak to value – we spend a huge amount of time getting comfortable with the non-financial components of a business, predominantly the people and culture.

The most important question we ask ourselves when we evaluate a potential acquisition is 'Is this an Air Partner company?'. The acquired business will, from day one, carry our brand or an association with our brand, and indeed may adopt our brand in due course, so we need to get comfortable with a lot more than just the numbers. The strategy, product or service, capital, scale, customer base, operating ethos and methodologies are all important, but they are brought to life by the people and the organisation's culture. If we cannot tick all the boxes – both financial and non-financial – and get comfortable, we will not pursue the opportunity.

The aviation industry has many passionate and dedicated people who are delivering great products and services. Over the years, we have had the privilege to meet great businesses and we have evaluated many opportunities. There are plenty of acquisition opportunities, but we are selective, looking for complementary businesses. In nearly every instance, we are dealing direct with the owners or managers, and their decision to sell can be triggered by a variety of business or life events. In advance of that decision, we develop mutual trust and our understanding of the business.

We are delighted to have acquired three great businesses over the past two years – Cabot Aviation and Baines Simmons in 2015 and Clockwork Research in 2016. These businesses are all run by passionate and dedicated people and deliver an exceptional service to their customers. As well as the financial contribution, they bring new services and capabilities to the Group which our customers and staff value, in the process making us a better and smarter organisation.

Previous reports introduced the acquisitions of Cabot Aviation and Baines Simmons and this year I am pleased to introduce Clockwork Research. Clockwork Research brings new services and capability in the specialist field of fatigue risk management.

"We aim to become a balanced business, with two market-leading divisions delivering exceptional service and value to our customers and increasingly visible earnings to our shareholders."

Clockwork Research uses systems models to measure, monitor and reduce fatigue in pilots and other key personnel, ensuring they get the necessary sleep to carry out their tasks effectively and safely. Founded by Dr Paul Jackson and Dr Alexandra Holmes, the business is a leader and innovator in its field. Both Paul and Alex are dedicated and passionate about helping customers tackle the challenges they face.

Great people

As we go forward on our journey of transformation, it's important that we share the same vision and that all our people understand it. Enhancing our brand is as much about our internal audience as it is about the external, and accordingly we are working to articulate our vision and values and enhance our internal communications by engaging our staff across the organisation more frequently. We can do a lot better, but we are starting from a strong base, with a rich heritage and globally recognised brand. We have a clear, long-term strategy and are becoming an exciting place to work, with services and capabilities that add value and enable us to compete beyond price, and that will offer steady career progression. We aim to reward good performance and exceptional behaviour, and, as we grow, a key aim is to retain our existing culture that keeps people at its heart.

In January 2016, we hired Lee Pyle as Group Head of Technology. Under his leadership, we are making a considerable investment in technology in order to create a solid and sustainable basis for growth.

In June 2016, we hired Julia Timms as Group Marketing Director. During the latter part of the year, she set in motion an overhaul of the Air Partner brand, which will become the umbrella brand for all our product offerings, including any future acquisitions. This is a really important lever of transformation, in that it will project a clear, unified identity to the world, enhancing our ability to cross-sell our services.

Finally, in January 2017, we appointed David McCown, who was formerly our Vice-President for Business Development for the United States, as President for our US business, a key focus for organic growth for 2017 and beyond.

Outlook

We're on a journey of transformation, and 2016 has been an encouraging year on a number of fronts. The path ahead is exciting but, as we always state, in the world of aviation, and most especially in the charter industry, we must be cautious when managing expectations. The charter business has always been, and will continue to be, a volatile industry. Despite this, over nearly six decades, we have developed our business and adapted to grow and succeed.

We are confident we have a successful and very clear long-term strategy. We manage our operations for long-term success, aligning what we do with our customers and aiming to exceed their most complex and technical needs.

We aim to become a balanced business, with two market leading divisions – Broking and Consulting & Training – delivering exceptional service and value to customers, and, as a consequence, high-quality and increasingly visible earnings to our shareholders. This will add value to our customers and staff and build real value to the owners of our business.

Broking still accounts for 90% of our profits, but in the future we expect our business mix to evolve significantly, driven by organic growth and suitable acquisitions. Our organic investments are rewarding us and we have some exciting initiatives under way. Our newly acquired businesses have delivered strong operational performance and made an excellent first full-year financial contribution to the Group. We will continue to build relationships with the owners and managers of the many suitable businesses we have identified as potential acquisitions, but we will remain patient and keep to our strict evaluation criteria.

Mark Briffa
Chief Executive Officer
26 April 2017

Financial review

Air Partner's financial transparency, as a result of being the only listed company in this sector, and balance sheet strength are key in supporting two of the Group's main strategic focuses: putting our customers first and expanding our service offering.

Neil Morris Chief Financial Officer

A strong balance sheet

In a crowded market with low barriers to entry, we are able to use our financial position to differentiate our services to key customers through our ability to offer favourable credit terms on large projects, as evidenced by the movement in working capital and non-JetCard cash at the balance sheet date. In addition, we have expanded our service offering to pursue the strategy of becoming a global aviation services company through the acquisition of complementary businesses using cash or debt. Subsequent to the balance sheet date, the loan outstanding at 31 January 2017 was refinanced through a revolving credit facility of £7.5m which, in combination with an overdraft facility, provides the Group with £9m of facilities in addition to non-JetCard cash.

Financial overview

Revenue: Air Partner primarily uses gross profit as its key indicator of business performance given the potential for revenue, as determined under IFRS, to fluctuate depending on the number of contracts enacted in the year where we act as principal, as opposed to agent. The reduction in revenue of £7.4m to £42.5m (2016: £49.9m) is due to the non-repeat of a specific oil and gas contract which ended early in 2017.

Underlying operating profit: underlying operating profit increased by 16.6% to £5.1m (2016: £4.4m), with the majority of the increase being attributable to the improved performance of the Consulting & Training division. Excluding the impact of Air Partner Remarketing's results from the Commercial Jets segment, our legacy business's performance increased by £0.1m, or 2.9%, on a like-for-like basis.

Other items: other items comprise restructuring costs, amortisation of intangible assets arising on acquisition, acquisition-related costs and non-cash acquisition-related costs (being the IFRS 2 charge arising on the share-based consideration for Air Partner Remarketing). The overall reduction in 'other items' of £0.5m to £0.7m (2016: £1.2m) is due to:

- the lower amount incurred in respect of restructuring of £0.2m following the major restructuring of the Operating Board that took place in the year ended 31 January 2016
- lower acquisition related costs of £0.1m, a reduction of £0.3m, due to their being only one acquisition in the year, that of Clockwork Research.

Amortisation of intangibles arising from acquisitions of £0.3m and non-cash acquisition related costs of £0.1m were consistent with the prior year.

Operating profit: operating profit increased by £1.2m to £4.4m (2016: £3.2m) due to a combination of the increased trading performance of £0.7m at an underlying operating profit level combined with a reduction in 'other items' of £0.5m.

Finance charges: the Group's net finance charge remained at £0.1m, comprising interest on the Group's loan and interest receivable on cash balances.

"In a crowded market with low barriers to entry, we are able to use our financial position to differentiate our services to key customers through our ability to offer favourable credit terms on large projects."

Taxation
The Group's underlying effective tax rate for the year was 33% (2016: 30%) and has been affected by an adjustment in respect of prior years totalling £0.4m. Without this adjustment, the underlying tax rate would have been 25%. The change arose primarily due to an adjustment in respect of a research and development claim made in the year ended 31 January 2015.

The statutory effective tax rate for the year was 35% (2016: 39%). The lower rate being due to a reduction in amounts disallowable for tax purposes included within 'other items'.

Financial position
JetCard cash: the reduction of £0.9m is as a result of record utilisation in the year outstripping the pace of new cards and renewals. Subsequent to the balance sheet date, the Group will be placing all JetCard funds into segregated accounts as further assurance to our customers.

Non-JetCard cash net of borrowings: the net debt position has improved as a result of the improved trading position increasing net cash inflow from operating activities of £1.9m, less outflows for the investment in Clockwork Research of £0.4m, dividends paid of £2.5m and repayment of borrowings of £0.5m but benefiting from a foreign exchange gain of £1.6m.

As noted above, the Group's bank loan, which stood at £3.0m at the balance sheet date, was refinanced with a new revolving credit facility, which has total availability of £7.5m, provided by Air Partner's main bankers. The facility expires in February 2020.

Other net current assets and liabilities: with cash excluded, the Group is in a net current liabilities position as a result of deferred income, particularly in respect of the JetCard product exceeding other current assets.

Foreign exchange
Where possible, the Group uses natural hedging to minimise its foreign exchange exposure, for example matching JetCard deposits denominated in euros or US dollars with the respective deferred income. In addition, the Group also uses derivative financial instruments to hedge certain transactions in accordance with its internal policy. The fair value of these instruments at the balance sheet date was a liability of £9,000 (2016: an asset of £36,000) and the loss recognised through the income statement as a result in the change in fair value was a charge of £45,000 (2016: a gain of £186,000).

While Brexit has caused a degree of volatility in currency markets during the year, given our geographical reach, with profits arising in the US in dollars, and in Europe in euros, the Group as a whole has not suffered adversely financially as a result of the leave vote to date. In its Aircraft Broking division in the UK, the most likely to have a currency mismatch between income and costs, the brokers are able to source alternative suppliers to help mitigate any erosion of margin and also apply the Group's internal policy on hedging when necessary. Overall, the Group's net foreign exchange gain through the income statement for the year was a loss of £20,000 (2016: gain of £2,000).

The Group's financial position can be summarised as follows:

	2017 £'000	2016 £'000
Property, plant and equipment	**1,086**	1,281
Goodwill and other intangible assets	**8,743**	8,384
Net deferred tax liability	**(192)**	(408)
Net current liabilities excluding cash and borrowings	**(11,541)**	(11,723)
JetCard cash	**15,886**	16,776
Non-JetCard cash net of borrowings	**972**	(456)
Net assets	**14,934**	13,854

Neil Morris
Chief Financial Officer
26 April 2017

Key performance indicators

We monitor a range of financial indicators that reflect the underlying strength of our business. This year, we have introduced a set of strategic indicators to help us measure progress against our strategy.

Financial KPIs[1,2,3]

Gross transaction value
£m

This represents the total amount invoiced to our customers.

£215.8m

Return on equity
%

Return on equity is calculated as operating profit over net assets.

29.5%

Dividends per share
Pence

As adjusted for the share split which took effect on 31 January 2017.

5.2p

Total cash
£m

Representing JetCard cash and non-JetCard cash.

£19.8m

Non-JetCard cash
£m

Representing cash excluding JetCard cash.

£3.9m

Underlying earnings per share
Pence

Being EPS derived from underlying operating profit (which excludes other items).

6.5p

Basic earnings per share
Pence

Being EPS derived from operating profit including other items.

5.4p

Total shareholder return
%

Is calculated as closing share price plus dividends less opening share price all divided by opening share price.

50.4%

A high percentage of the Group's business is driven by the short-term needs of our customers. A long forward-order book is therefore neither available nor appropriate to use as a measure of our longer-term prospects.

Gross profit
£m

Being the main determinant of top-line performance within the business.

£31.7m

Underlying profit before tax
%

Being the main measure of financial performance used within the business.

£5.1m

Strategic KPIs

We are on a journey of transformation to become a world-class global aviation services group. This year, we identified four KPIs to measure our progress: two financial and two non-financial. The financial KPIs are:

- **optimise:** increase in gross profit from legacy Air Partner broker business
- **enhance:** the contribution made by the Group's new acquisitions to overall Group underlying profit.

Our two non-financial KPIs measure our two most important assets – our customers and our people:

- **customers:** net promoter score
- **people:** employee turnover.

These KPIs may be amended, or added to, as we continue to transform.

OPTIMISE

Legacy business increase in gross profit
£m

Given the inherent volatility of aircraft charter gross profit, we implemented our Customer First programme to drive customer loyalty. The net increase from year end 2016 is modest since the prior year benefited from a one-off contract.

£0.3m

ENHANCE

Acquisition contribution to underlying operating profit
£m

This measure demonstrates the contribution to profits arising from our strategy of introducing new service lines to our customers.

£0.7m

CUSTOMERS

Net Promoter Score
%

Our Net Promoter Score is calculated by taking the percentage of customers who are detractors (score the Group's service 0-6 out of 10) from those who are promoters (score the Group's service greater than 9 out of 10).

75%

PEOPLE

Employee turnover
%

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

25%

1. Financial KPIs are for the last five financial periods, being the financial years ended 31 July 2012, the unaudited pro-forma financial year ended 31 January 2014 and the financial years ended 31 January 2015, 31 January 2016 and 31 January 2017.
2. All financial KPIs are based on total rather than underlying measures, except for underlying profit before tax and underlying basic earnings per share.
3. Detailed segmental reporting is set out in note 4 to the financial statements.

Commercial Jets

Including Air Partner Remarketing

In the world of commercial airline charter, success depends on experience, expertise and reputation built over decades. Air Partner's Commercial Jets team offers logistical excellence, value for money and dependability.

Highlights of the year

£14.7m
Gross profit

£3.8m
Underlying profit

- Strong performances from Europe and the US
- Air Partner Remarketing profitable in first full year of ownership

Our Commercial Jets team serves customers 24/7

Performance
The period under review saw Commercial Jets deliver a strong performance in both Europe and the US. Gross profit increased by 5.0% to £14.7m (2016: £14.0m) and underlying operating profit improved to £3.8m, an increase of 30.3% (2016: £3.0m). This was driven largely by the performance of Air Partner Remarketing (formerly Cabot Aviation) for a full year, while strong performances by tour operations, sports and government clients in Europe was able to offset the downturn in the oil and gas market in the UK.

In the US, despite a reduced flying schedule from a key customer, we benefited from the presidential election, working on the 'Hillary for America' campaign.

In the UK, a one-off major oil and gas contract which operated throughout the previous financial year came to an end, but we continued to make gains in the sports market, particularly with a number of Premiership football teams.

Emergency Planning
Our Emergency Planning product, whereby we map out evacuation contingencies for blue chip companies with personnel stationed in volatile regimes, is a subscription-based service and provides a recurring income stream. The division typically serves companies operating in unstable parts of the globe but also assists charities with civil emergency evacuation and disaster relief. Emergency Planning met expectations for the year and, given the uncertainties in the geopolitical environment, we believe this business is well placed for future growth.

A strong year for Air Partner Remarketing (formerly Cabot Aviation)
Air Partner Remarketing had a profitable year in its first full year of ownership and goes into 2017 with a strong pipeline of mandates. Key sales successes included the sale of three Kenya B777s to a US operator. During the year, we also moved short-term leasing (ACMI) into Air Partner Remarketing and as a result it had its strongest year over the last five-year period. The integration of Air Partner Remarketing into our offices at Gatwick has been very smooth and successful.

Key facts: **COMMERCIAL JETS**

7 national football teams

35 football clubs

Key fact: **REMARKETING**

3 777s sold

On the campaign trail
Hillary Clinton with
Simon Moore of Air Partner

Private Jets

As part of one of the world's largest suppliers of aircraft charter, our Private Jets team has the experience, relationships and aviation expertise to tailor solutions to meet our customers' exacting needs.

Highlights of the year

£10.2m
Gross profit

£2.5m
Underlying profit

- Opened new office in New York
- Record JetCard utilisation

Pete Tong, British DJ, disembarking from one of our Private Jets charters

Performance

Overall, Private Jets has fared well this year. Mixed results from ad hoc business, with corporate customers flying less often, was offset by JetCard, which had another record year. Gross profit increased by 9.3% to £10.2m and underlying operating profit rose by 4.4% to £2.5m. We had a great start to the year in the UK, though ad hoc flying tailed off somewhat in the second half of the year, while conversely, in the US, we had a slow start and a strong finish. 2017 also saw strong performance for Private Jets in Europe, especially in Germany. JetCard utilisation has increased 41% on 2016, a fantastic achievement. Card numbers have increased by 13 to 222 although JetCard deposits have decreased to £15.9m (2016: £16.8m) reflecting the higher utilisation in the year.

Customer First gives us an edge

The private jet market is extremely competitive but we believe our Customer First strategy, which delivers an unrivalled level of service, particularly for JetCard, together with our financial stability, transparency and security, means we have a unique proposition. We have some exciting initiatives under way which we believe will further extend our services in this area and deliver exceptional services to our customers. We continue to monitor technology platforms in the private jet space, but we fundamentally believe – and our customers seem to agree – that until technological capabilities have further developed, complex travel scheduling is better handled by people rather than machines.

Our Customer First programme remains pivotal to our operations and we believe it accounts for a large proportion of our continuing success. By putting our customers first, we continue to provide an unrivalled service, together with a value for money proposition. This formula is proving to be good for everyone who uses our services, as well as all our stakeholders.

As part of our strategy to grow in the US, we invested in a new office in New York, with the aim of growing our market share by highlighting our products' flexibility and service offering. Increased trade in US dollars will, we believe, help to offset the Brexit effect in the UK.

Developing our offer

We have invested in sales and have made greater in-roads into Europe where we already have a solid foothold. We have also started to offer additional services like controlled catering and have received enthusiastic feedback from our customers who, in this class, are extremely discerning and used to high standards. Furthermore, and as discussed, we went into partnership with Camper & Nicholsons, the luxury yacht specialists, in April 2017.

Key facts: **PRIVATE JETS**

222 JetCards

£15.9m JetCard deposits

Freight

Air Partner's Freight team delivers bespoke air freight solutions to meet the most demanding schedules, reliably and at the best possible rates.

Highlights of the year

£1.1m

Gross profit

£0.2m

Underlying profit

- Challenging year due to loss of key contract
- Remains a strategic service offering to our customers

Performance

Air Partner is primarily a passenger business, but we see Freight as a strategic, protective offering which allows us to offer a full aviation service to customers. From a small base, we can add value – a good example being the German automotive business. The year's performance in that particular market was buoyant, and complements our service offering from Commercial Jets in the automotive sector.

However, overall, Freight's performance reflected the high prior year comparable, boosted by one key contract, which was not renewed. The downturn in the oil and gas industry, where Freight has traditionally been involved with the transportation of heavy pipes and other drilling gear, also meant a less busy period, with gross profit of £1.1m (2016: £1.9m) and underlying operating profit of £0.2m (2016: £0.8m). The division is always subject to the unpredictability of just-in-time logistics, from moving aircraft or automotive spares to mobilising at a moment's notice to assist in disaster recovery.

Our Freight team ensures secure, time critical delivery of cargo all over the world

Key facts: **FREIGHT**

445 Romanian artefacts

200,000 one-day old chicks

Consulting & Training

(Baines Simmons and Clockwork Research)

Baines Simmons is a world-leading aviation safety consultancy which specialises in aviation regulation, compliance and safety management. Clockwork Research is a leading fatigue risk management consultancy.

Highlights of the year

£5.7m

Gross profit

£0.5m

Underlying profit

- Awarded Isle of Man Aircraft Registry contract for 10 years in April 2016
- Acquisition of Clockwork Research completed in December 2016
- Customer First programme rolled out across Baines Simmons

The Baines Simmons team is driven by our passion to make the skies safer for all

Performance

In its first full year of operation, our Consulting & Training division delivered a gross profit of £5.7m and an underlying operating profit of £0.5m, equivalent to 10.3% of the Group total. Baines Simmons delivered good results in its first full year of ownership, while in December 2016 the acquisition of Clockwork Research strengthened our Consulting & Training proposition. Over the coming year, we have an ambitious plan for the continuous development of SMARRT MAP (Safety Management and Risk Reduction Tool Measurement and Performance) which will enhance our overall proposition and which will further strengthen the relationship between our consulting and training services.

Integrating Baines Simmons

The introduction of Customer First into Baines Simmons has established strong foundations for the future. By standardising many of our processes we can ensure the consistent high-quality delivery of our products and services. We constantly review these products and services to ensure they are aligned to our customers' needs.

The integration of shared Group services such as marketing, finance, HR and IT was largely completed during the year.

Baines Simmons continued to benefit from a number of large and long-term customer programmes which cut across both consulting and training products and services, while our Aviation Safety Academy experienced its best ever monthly performance in November.

Outsourced services

In April 2016, we announced that we had been successful in securing a further 10-year contract to provide aviation support services to the Isle of Man Aircraft Registry (IOMAR). In January 2017, IOMAR was named Best Global Aviation Registry in World Commerce Review Magazine's 2017 awards. IOMAR will celebrate its 10-year anniversary in May 2017 and, since launch, almost 950 aircraft have been registered, highlighting the continued success of the Registry which is now the sixth largest private/corporate aircraft registry in the world.

Welcoming Clockwork Research

Clockwork Research, with its smart innovations in fatigue management, is a natural fit with Baines Simmons in terms of safety control and risk management.

It strengthens our offering and the opportunities are good. Headed up by a small team of enterprising academics, Clockwork Research is very well respected by major operators across the world. The business uses systems models to ensure that pilots and other essential personnel are getting the necessary sleep to carry out their tasks effectively and safely. The pipeline of future projects is encouraging, and includes a large project with a fleet operator in Asia to carry out a large-scale research study and then help them to build a fatigue management system. This is a first for the region.

Key facts: **BAINES SIMMONS**

467 surveys

4 continents

635,000 miles flown by consultants

Director's approval statement

This Strategic report was reviewed and approved by the Board of directors on 26 April 2017.

Neil Morris
Chief Financial Officer

Corporate governance

Board of directors

Richard Everitt
Independent non-executive Chairman ARC RC NC

Richard qualified as a solicitor and became director at BAA plc before being appointed Chief Executive of National Air Traffic Services in 2001 and chief executive of the Port of London Authority from 2004 to 2014. He joined the Board as a non-executive director in 1995 and became Chairman in 2012. He was appointed as a commissioner of Belfast Harbour and chairman of the Dover Harbour Board in 2016. Richard will stand down from the Board after the AGM in June.

Mark Briffa
Chief Executive Officer

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

Neil Morris
Chief Financial Officer

Neil is a chartered accountant, having trained at Deloitte LLP where he spent 11 years, primarily working in the aviation and travel sector. Prior to joining Air Partner, he was group finance director of All Leisure Group plc, an AIM traded tour operator. He was appointed Chief Financial Officer of Air Partner in June 2014, having held the position of interim Chief Financial Officer from April 2014 and Group Financial Controller prior to that.

Peter Saunders
Independent non-executive director/Chairman designate ARC RC

Peter joined the Board in September 2014 and became Chairman of the Remuneration Committee in March 2015 and Senior Independent Director in June 2016. Peter has a wealth of experience in marketing and customer service. He is lead director of Godiva Chocolatier NV, non-executive director of Total Wines & More and was Chief Executive Officer of Body Shop International plc from 2002 to 2008. Past board experience includes Canadian Tire Corporation, Jack Wills and Second Cup. As reported in the Chairman's statement on page 4, Peter will formally take over as Chairman at the conclusion of the AGM in June.

Richard Jackson
Independent non-executive director ARC RC

Richard joined the Board on 8 September 2016. He served at the Civil Aviation Authority for 11 years as group director of consumer protection where he was instrumental in the introduction of new ATOL regulations. Richard began his career with the MOD in 1974 before joining the financial services sector. Richard also acts as consultant to a number of aviation and travel-related clients.

Shaun Smith
Independent non-executive director ARC RC NC

Shaun joined the Board on 1 May 2016. He began his career in retail management and corporate treasury at Marks and Spencer plc. He joined Aga Rangemaster Group plc (formerly Glynwed International plc) in 1989, becoming group treasurer in 1999 and group finance director from 2001 to 2015. He is a qualified corporate treasurer, and has an economics degree. Shaun is also group finance director of Norcros plc. He was appointed Chairman of the Audit and Risk Committee in June 2016.

Amanda Wills
Independent non-executive director ARC RC NC

Amanda joined the Board on 20 April 2016. Amanda began her career with Airtours plc and was CEO of Virgin Holidays Travel Group from 2001 to 2014. Amanda is currently non-executive director of eDreams ODIGEO S.A., a global online travel agency, and chairman of Urbanologie.com, a digital start-up business catering for the high net worth and luxury sector. She was awarded a CBE in the Queen's 2015 New Year Honours list for services to the British travel industry and to charity.

ARC
Member of the Audit and Risk Committee

RC
Member of the Remuneration Committee

NC
Member of the Nomination Committee

Senior management

Lee Pyle
Group Head of Technology

Tony Whitty
Head of Aircraft Remarketing and ACMI

Richard Smith
Head of Product, Air Partner Broking

Justin Scarborough
Interim Managing Director, Baines Simmons

Julia Timms
Group Marketing Director

Rachel Thripp
Group HR Director

Sally Chandler
Group Company Secretary

Mark Briffa
Chief Executive Officer

Neil Morris
Chief Financial Officer

See opposite.

Chairman's introduction to governance

"Our plc status is a unique strength, offering reassurance to our stakeholders that we operate to high standards of governance and ethics."

RICHARD EVERITT
Chairman

Dear Shareholder

As announced on 2 February, I will be stepping down after five years as Chairman. I am proud to have served as your Chairman, guiding the Board and supporting the management team during both tough and, I am pleased to say, more buoyant times in recent years.

Our focus this year
We have been active on the acquisition front and a considerable amount of our effort as a Board has been spent scrutinising proposals and due diligence necessary to ensure that proposed acquisitions meet the high standards our shareholders expect. I am pleased to welcome Clockwork Research, leaders in fatigue risk management, to the Group (see page 17). Another key area of focus has been IT. The Board has approved investment in technology platforms that will significantly enhance our current operations while also setting up our systems to enable us to integrate our acquisitions seamlessly.

A new programme of Board visits
With the expanding geographical footprint of the Group, for the first time this year we decided to hold two Board meetings outside the UK, one in Paris and one in Fort Lauderdale, Florida. Visiting our sites and meeting our people is enormously valuable; what we learn about the Group in a short visit is worth hours of time in the boardroom.

Board changes
During the year, we welcomed Shaun Smith and Amanda Wills to the Board as independent non-executive directors. We also said farewell to Andrew Wood at our 2016 AGM and Peter Saunders replaced him as our Senior Independent Director. Later in the year, on 8 September 2016, we welcomed Richard Jackson to the Board. Richard served at the Civil Aviation Authority for 11 years as group director of consumer protection, and was instrumental in the introduction of new ATOL regulations and the ATOL Protection Contribution and oversaw the restructuring of a number of major tour operators. Richard began his career with the Ministry of Defence in 1974 before joining the financial services sector. Richard also acts as consultant to a number of aviation and travel-related clients.

Following my decision to stand down as Chairman after the AGM in June, the Nomination Committee conducted a selection process as set out on page 50. I am pleased that Peter Saunders will take up the role as Chairman after the conclusion of the AGM on 28 June.

We have once again undertaken a Board performance evaluation exercise. Because of the changes in the Board's composition during the year, we decided it was more appropriate, as well as cost effective, to carry out an internal evaluation rather than an externally facilitated exercise, as discussed on page 50.

I am confident that I will be leaving Air Partner with a renewed Board and a revitalised senior management team. I have every confidence that together they will bring to fruition the exciting transformation journey set out in this report.

Richard Everitt
Chairman
26 April 2017

UK Corporate Governance Code

The Board supports the principles and provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 (the Code). Our duty is to manage the Group in accordance with the Code, and we believe that, throughout the year, the Company applied the main principles of the Code, and complied with its provisions. We have structured our corporate governance report in line with the Code's principles, and you will find the relevant compliance statements highlighted in each section.

Leadership – see page 45

Effectiveness – see page 47, and the Nomination Committee report on page 50

Accountability – see page 48, and the Audit and Risk Committee report on page 51

Remuneration – see the Directors' remuneration report pages 54 to 65

Relations with shareholders – see page 49

Leadership

Role of the Board
It is the Board's role to ensure the effective direction and control of the Group's business for the long-term benefit of all shareholders. The application of standards of corporate governance appropriate to the Group's size, profile and circumstance is an important part of that role.

The Board sets the strategic aims of the Group and rigorously reviews trading performance against strategic initiatives, and against financial targets set at the beginning of the year. The Board's activities during the year have included the consideration of proposals in line with its acquisition strategy and the approval of the appointment of new members to the Board. The Board meets formally at least five times a year with additional meetings as necessary.

A formal schedule of matters is reserved for Board decision, including formulation and development of strategy, major acquisitions or disposals, significant bank borrowings, Board-level appointments, the approval of financial reports and price-sensitive statements and overall business risk assessment. A copy of the schedule is available online at www.airpartner.com.

The Board receives reports at each meeting from the Chief Executive Officer, the Chief Financial Officer and, following meetings of Board committees, from their respective chairmen.

Board meetings
The table below shows the attendance record of individual directors at Board meetings and relevant Committee meetings.

Number of meetings	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Executive directors				
Mark Briffa	8	–	–	–
Neil Morris	8	–	–	–
Non-executive directors				
Richard Everitt	8	4	4	2
Richard Jackson[1]	4	2	1	–
Peter Saunders	8	4	4	1
Shaun Smith[1]	5	2	2	2
Amanda Wills[1]	7	3	3	2
Andrew Wood[2]	3	1	1	–

1 Amanda Wills, Shaun Smith and Richard Jackson were appointed as directors on 20 April 2016, 1 May 2016 and 8 September 2016 respectively and therefore only attended meetings from the date of their appointments.
2 Andrew Wood resigned as a director on 29 June 2016.

Mark Briffa and Neil Morris are not members of the Audit and Risk Committee or Remuneration Committee but attend meetings when appropriate by invitation. Other senior executives are regularly invited to attend meetings for specific items.

UK Corporate Governance Code

A. Leadership

A.1 The role of the Board
The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims and ensures that the necessary resources are in place to achieve those aims. The Board met formally eight times during the year. There is a clear schedule of matters reserved for the Board, together with delegated authorities throughout the Group.

A.2 Division of responsibilities
The roles of the Chairman and the Chief Executive Officer are clearly defined. The Chairman, Richard Everitt, is responsible for the leadership and effectiveness of the Board. The Chief Executive Officer, Mark Briffa, is responsible for leading the day-to-day management of the Group in line with the strategy set by the Board. Roles and responsibilities of key Board members are available online at www.airpartner.com.

A.3 The role of the Chairman
The Chairman sets the agendas for the Board meetings, manages the meeting timetable in conjunction with the Company Secretary and promotes open and constructive debate between executive directors and non-executive directors during meetings.

A.4 The role of non-executive directors
The Chairman actively invites the non-executive directors' views. They scrutinise the performance of management against agreed goals and provide objective and constructive challenge to the executive directors. They attend an annual strategy day with the Operating Board and help develop proposals on strategy. If a director had a concern which could not be resolved about the running of the Company or a proposed action, they would ensure that their concerns were recorded in the Board minutes. The non-executive directors have discussions without the executive directors present.

Leadership continued

Governance structure: Board and committees

The Board

Richard Everitt
Chairman

Responsibilities

The Board carries ultimate responsibility for the effective direction and control of the Group's business and is accountable to shareholders for the long-term success of the Group. This is achieved through:

- setting the strategic objectives of the Group
- approving strategic projects and Group and divisional budgets
- ensuring that the Group has an effective risk management
- reviewing trading performance against financial targets set at the start of the financial year.

Chief Executive

Mark Briffa

Remuneration Committee

Peter Saunders, Chair
Richard Everitt
Richard Jackson
Shaun Smith
Amanda Wills

Responsibilities

- Determining and agreeing with the Board the policy for remuneration of the Chief Executive Officer and Chief Financial Officer
- Reviewing the ongoing appropriateness and relevance of the remuneration policy in comparison with industry benchmarks and levels of remuneration in the business as a whole
- Approving the design and targets of performance-related pay and share incentive plans and awards made to executive directors and performance targets to be used

Read more on page 54

Audit and Risk Committee

Shaun Smith, Chair
Richard Everitt
Richard Jackson
Peter Saunders
Amanda Wills

Responsibilities

- Reviewing financial reporting, focusing on the appropriateness of accounting policies and judgements and inclusion of relevant disclosures
- Assessing the effectiveness of internal controls and risk management systems and the risk management process
- Reviewing the scope and effectiveness of internal audit processes
- Overseeing the relationship with the external auditor and the effectiveness of the external audit process

Read more on page 51

Nomination Committee

Richard Everitt, Chair
Peter Saunders

Responsibilities

- Considering the composition of the Board as a whole and the range of skills, knowledge and experience of the directors
- Planning and carrying out appropriate succession as deemed necessary
- Reviewing the re-appointment of non-executive directors at the expiration of the term set out in their appointment letters

Read more on page 50

Operating Board

Mark Briffa, Chair
Neil Morris
Lee Pyle
Justin Scarborough
Richard Smith
Julia Timms
Rachel Thripp
Tony Whitty

Responsibilities

The Operating Board has collective responsibility for running the Group's business under the leadership of the Chief Executive Officer

- Implementing the Group's strategy approved by the Board
- Recommending capital expenditure and investment budgets for Board approval
- Monitoring financial, operational and service performance
- Allocating resources as agreed by the Board
- Planning and delivering major programmes
- Reviewing the senior talent base and succession plans

Effectiveness

Composition of the Board
The composition of the Board is shown on page 42.

Board changes
As stated in the 2016 Annual Report, Andrew Wood resigned as a non-executive director of the Company at the conclusion of the AGM on 29 June 2016. During the year, the following appointments were made to the Board:

- Amanda Wills on 20 April 2016
- Shaun Smith on 1 May 2016
- Richard Jackson on 8 September 2016.

Following Andrew's retirement from the Board, Peter Saunders was appointed as Senior Independent Director and Shaun Smith was appointed Chairman of the Audit and Risk Committee.

After 12 years on the Board and five years as Chairman, Richard Everitt has decided to step down as Chairman and therefore will not stand for re-election at the 2017 AGM. Full details regarding the process to select his successor together with the appointment of the new non-executive directors are set out in the Nomination Committee report on page 50.

Independence of non-executive directors
The Board considers all the non-executive directors to be independent. Given their relatively small shareholdings, the Board does not believe that these impact on the independence of Richard Everitt, Peter Saunders or Shaun Smith.

Board performance evaluation
The Company continues each year to evaluate the performance of the Board and its committees. Because of the changes in the Board's composition during the year, it was decided that it was more appropriate, as well as cost effective and pragmatic, to carry out an internal review rather than an externally facilitated evaluation exercise. Therefore the Board's effectiveness was assessed internally by way of a questionnaire completed by Board members. The responses to the questionnaires were evaluated by the Chairman and the Company Secretary and a report was prepared for the Board.

The Board confirms its belief that all directors bring significant value to the business, are effective in Board decision making and show the appropriate level of commitment to their roles.

Election and re-election of directors
Following his appointment to the Board on 8 September 2016, Richard Jackson will stand for election at this year's AGM. The Board recommends the election of Richard Jackson as listed in the separate Notice of Annual General Meeting.

In accordance with best practice, all other directors will resign at the 2017 AGM and stand for re-election, with the exception of Richard Everitt who, as previously explained, is standing down from the Board.

UK Corporate Governance Code

B. Effectiveness

B.1 The composition of the Board
When making appointments to the Board, the Board and the Nomination Committee consider the wide range of skills, knowledge, experience and independence required to maintain an effective Board.

B.2 Board appointments
The Board is responsible for the appointment of executive directors. Succession planning and the appointment of new non-executive directors to the Board is led by the Nomination Committee. The Nomination Committee report is on page 50 and gives details of the recruitment process and appointment of Richard Jackson as independent non-executive director on 8 September 2016. As the Chairman should not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship, a sub-committee of the Nomination Committee conducted the Chairman succession process and recommended to the Board that Peter Saunders be appointed as the new Chairman. The Board approved the recommendation and the appointment of Peter Saunders as Chairman will take effect immediately following the conclusion of the 2017 AGM on 28 June.

B.3 Commitment
When appointed, directors are informed of the time commitment expected from them. A copy of the terms and conditions of the appointment of the non-executive directors is available for inspection at the Company's registered office during normal business hours and at the AGM.

B.4 Development
Newly appointed Board members receive a full and tailored induction. Following this induction, meetings are arranged with key executives and managers within the business to provide ongoing education and information about the business and each non-executive director attends one Operating Board meeting each year. All directors attend an annual Strategy Day with the Operating Board and other senior managers.

B.5 Information and support
The Chairman, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information. The Board ensures that all directors have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors. All directors have access to the advice and services of the Company Secretary.

B.6 Board evaluation
During the year, the Board and its committees undertook an evaluation of their performance. The non-executive directors are responsible for performance evaluation of the Chairman taking into account the views of the executive directors.

B.7 Re-election of the directors
All directors are subject to election by shareholders at the first AGM after their appointment and to annual re-election thereafter.

Accountability

Risk management and internal control
During the year, the full Board was responsible for the Group's system of risk management and internal control and for reviewing its effectiveness, though reports are provided in the first instance to the Audit and Risk Committee by the Chief Financial Officer. The Board has established an ongoing process for identifying, evaluating and managing significant risk. This process is reviewed regularly by the Board.

The key internal procedures in place for the year ended 31 January 2017 and up to the date of approval of the Annual Report are as follows:

- a detailed and comprehensive annual budget is produced and formally approved by the Board
- the Board maintains a schedule of key matters reserved for its approval, which include financing and changes to banking arrangements, all significant capital expenditure and all acquisitions and disposals
- both the Board and the Operating Board receive monthly financial reports, showing the performance of each division and country, with relevant commentaries to highlight variance from budget or particular areas of concern
- business performance reports are circulated to the Operating Board on a weekly basis for sales bookings, and monthly to monitor overall performance
- clearly defined authority limits and controls are in place over contract signing limits, purchasing commitments and the extension of credit to clients; in particular, brokers operate within individual, pre-set limits of authority and only those staff who have successfully completed a six-month probationary period can sign charter commitments on behalf of the Group. Adherence to these limits and controls are tested on an ongoing basis as part of the internal audit process
- each of the Group's major offices is visited at least once a year by a senior member of the finance team
- the Company has a robust risk management process that follows a sequence of risk identification, assessment of probability and impact, and assigns an owner to manage mitigation activities. A risk register is monitored by senior management and reported to the Audit and Risk Committee. The risk register and the methodology applied is the subject of continuous review by senior management and updated to reflect new and developing areas which might impact business strategy. The Audit and Risk Committee actively reviews the risk register and assesses the actions being taken by senior management to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on pages 18 to 21
- the Group does not trade speculatively in derivatives. Other than forward foreign exchange contracts, the Group does not use complex treasury instruments in the normal course of business and any specific projects that may involve such instruments require Board approval.

The Board confirms that it has complied with the Code with regard to its responsibilities relating to risk management and internal controls.

The directors reviewed the effectiveness of the Group's internal control and risk management systems during the year. In their review, which covered all material controls including financial, operational and compliance controls, the directors considered the nature of the Group's business, the risks to which that particular business is exposed, the likelihood of such risks occurring and the costs of protecting against them. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance.

Whistleblowing
A whistleblowing policy is in place across the Group to enable members of staff to bring to the attention of any director serious matters of financial misconduct which they believe would damage the performance or reputation of the Company.

UK Corporate Governance Code

C. Accountability
C.1 Financial and business reporting
The Board is responsible for preparing fair, balanced and understandable financial information. The strategic report is set out on pages 1 to 39 inclusive and this provides information about the performance of the Group, the business model, strategy and the risks and uncertainties relating to the Group's business.

C.2 Risk management and internal control systems
The Board sets out the nature and extent of the significant risks and maintains sound risk management and internal control systems. Further information on risk management and internal control systems is set out in the Audit and Risk Committee report on pages 51 to 53.

C.3 The role of the Audit and Risk Committee
The activities of the Audit and Risk Committee, which assists the Board with its responsibilities for monitoring and reviewing the effectiveness of internal control and risk management systems, internal audit and the external auditor, are set out in the Audit and Risk Committee report on pages 51 to 53. The terms of reference of the Audit and Risk Committee are available online at www.airpartner.com. The Audit and Risk Committee as a whole has competence relevant to the sector in which the Company operates.

Relations with shareholders

The Board recognises the importance of effective communication with shareholders, analysts and the financial press and is keen to gain an understanding of the views of both institutional and private individual shareholders. This is conducted primarily through meetings of the Chief Executive Officer and Chief Financial Officer with analysts and significant shareholders following both the interim and preliminary announcements of the results of the Group, and the Chairman and Senior Independent Director are available if requested. Feedback of shareholder meetings is provided via the Group's corporate stockbroker.

The Board exercises care to ensure that all information, including that which is potentially price sensitive, is released to all shareholders at the same time, in accordance with applicable legal and regulatory requirements.

Annual General Meeting

The Company welcomes the participation of shareholders at its Annual General Meeting. The Chairmen of the Board and its Committees will be available at the AGM to answer questions that might arise. During the year under review, the AGM was held in June 2016 and each member of the Board attended and was available to take questions. All shareholders are entitled to vote on the resolutions put to the AGM and all votes cast are counted, whether in person or by proxy, by means of a poll on every resolution in the Notice of AGM. The results of the votes on the resolutions, including the number of votes for and against each resolution and the number of shares for which the vote was directed to be withheld, are given at the meeting. They are made public by means of an announcement through a Regulatory News Service and published on the Company's website.

The 2017 AGM will be held at 11am on Wednesday 28 June at 2 City Place, Beehive Ring Road, Gatwick, RH6 0PA. The Company confirms that it will send the Notice of AGM and related documentation to shareholders at least 20 working days before the meeting, either by post, to those shareholders who prefer a paper copy, or by email to those shareholders who have agreed that the Company can communicate with them electronically. Both the Notice of AGM and the Proxy form are available to download from the Investors section on the Company's website.

Website information

All shareholders and potential shareholders can access investor-related information on the share price, corporate governance, annual reports, presentations to investors, AGM documentation, regulatory news and other information about Air Partner in the Investors section of the Company's website, www.airpartner.com. This site also provides contact details for any investor related queries.

UK Corporate Governance Code

E. Relations with shareholders

E.1 Shareholder contact

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

E.2 Annual General Meeting

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

Nomination Committee report

Dear Shareholder

The principal purpose of the Nomination Committee (the Committee) is to lead the process for the appointment of new non-executive directors to the Board.

Membership will vary but the terms of reference for the Committee have been agreed by the Board and are available online at www.airpartner.com. The Committee is made up of three directors, including one executive director.

When proposing appointments of non-executive directors, the Committee considers the independence, skills, knowledge and experience that a candidate possesses compared to the skill sets and experience of the Board as it currently stands. Selection of candidates also takes into consideration the breadth of knowledge that the Board has and that it may require to provide a well-balanced environment which encourages scrutiny and appropriate challenge of executive management.

Changes to non-executive roles

As set out in the 2016 Annual Report, the Nomination Committee made up of myself, Peter Saunders and Mark Briffa recommended to the Board that Amanda Wills be appointed as a non-executive director. Amanda was appointed to the Board with effect from 20 April 2016.

Following Andrew Wood's decision to step down as a non-executive director after the 2016 AGM, the Committee also sought a non-executive director with the appropriate expertise to replace Andrew as Chairman of the Audit and Risk Committee. Following consultation with its advisers, a number of recommendations were put forward and after careful consideration of candidates against criteria and interviews by each member of the Committee and the Chief Financial Officer, the Committee recommended to the Board that Shaun Smith be appointed as a non-executive director. Shaun joined the Board on 1 May 2016 and was appointed Chairman of the Audit and Risk Committee on 29 June 2016.

Later in the year, the Nomination Committee made up of myself, Peter Saunders and Mark Briffa made a decision to seek a further non-executive director with expertise in the aviation sector to assist the Board in its acquisition strategy. The Committee consulted with its advisers to obtain recommendations for suitable candidates. After consideration of candidates against criteria and interviews with each member of the Committee and the wider Board, the Committee recommended to the Board that Richard Jackson be appointed as a non-executive director. Richard was appointed to the Board on 8 September 2016.

Chairman succession

As announced on 2 February, I will stand down from the Board after the AGM in June 2017. The Nomination Committee appointed a sub-committee to conduct a process to select a new Chairman. It comprised our independent non-executive directors Shaun Smith and Amanda Wills, who appointed external search consultants, Ridgeway Partners, to support them. The sub-committee prepared a detailed specification for the role of Chairman, specifying the skills, knowledge, experience and attributes required. They then conducted a robust process involving discussions with existing directors and advisers, followed by interviews with the potential candidates. Ridgeway Partners also carried out detailed research into the candidates and made recommendations to the sub-committee. The decision-making process did not involve myself, Peter Saunders who was a candidate, or the Chief Executive Officer, Mark Briffa as he will report to the new Chairman.

Following this process, the Committee recommended to the Board that Peter Saunders be appointed as Chairman and the Board approved the recommendation on 26 April 2017.

Peter has been a non-executive director of the Company since September 2014, Chairman of the Remuneration Committee since March 2015 and Senior Independent Director since June 2016. He will take up the role of Chairman immediately after the AGM on 28 June 2017.

Diversity

The Company is a team made up of people with a broad range of backgrounds. Our policy is to ensure that the best candidate is selected to join the Board; this policy will remain in place going forward and the Board does not intend to adopt a quota system with prescriptive, quantitative targets. Instructions to any external adviser conducting a search for appropriate candidates require them to search for candidates from as many different backgrounds as possible.

Richard Everitt
Chairman
26 April 2017

Audit and Risk Committee report

Dear Shareholder

The Audit and Risk Committee (the Committee) supports the Board in maintaining sound internal control and risk management procedures. It is responsible for ensuring that appropriate corporate reporting, risk management and internal control systems are applied throughout the Group and reports regularly to the Board.

The Committee's principal duties are to monitor the integrity of the Company's financial statements, to review the consistency of, and any changes to, accounting policies and standards, to review on behalf of the Board the effectiveness of audit procedures and the work of the internal and external auditor and to monitor on behalf of the Board the systems for risk management and internal financial control. The Board as a whole is responsible for internal control and risk management. The Committee is required to report its findings to the Board, making any necessary recommendations for action or improvements.

The Committee reviewed and revised its terms of reference during the year under review. Its terms of reference can be found on the Company's website www.airpartner.com.

Robust review of risk

The Committee acts on behalf of the Board to review the effectiveness of the internal control system and risk management processes on a regular and ongoing basis.

The Committee undertook this review process throughout the year and subsequent to the balance sheet date to include the date of approval of this Annual Report.

At each meeting, the Committee receives an update from the CFO on any material matters together with a report from the Group's internal audit process. The external auditor, Deloitte LLP, presents its findings to the Committee twice a year, specifically after the half-year review and following the year-end audit process. Issues reviewed by the Committee are detailed below.

Membership

The Committee is made up of the non-executive directors:

Shaun Smith (Chairman)
Richard Everitt
Richard Jackson
Peter Saunders
Amanda Wills

Shaun Smith was appointed to the Committee on his appointment as a non-executive director on 1 May 2016 and appointed as Chairman of the Committee on 29 June 2016 when the former Committee Chairman, Andrew Wood stepped down as a non-executive director. Richard Jackson joined the Committee after his appointment as a non-executive director on 8 September 2016.

The Board is satisfied that Committee members have the appropriate level of expertise to fulfil its Terms of Reference. The Chairman, Shaun Smith, a qualified Corporate Treasurer with an Honours degree in Economics, is considered to have recent and relevant financial experience. The Committee as a whole is considered to have competence relevant to the aviation and travel sector. Biographies of the non-executive directors are set out on page 42.

Although not members, the external auditor, Deloitte LLP (Deloitte), the Chief Executive Officer and the Chief Financial Officer are notified of all meetings and may attend by invitation. At each meeting, the Committee has the opportunity to talk to the external auditor without the CEO or the CFO being present. Deloitte attended all meetings during the year.

Meetings

The attendance of directors at the meetings of the Committee is set out on page 45. The Committee met four times during the year.

In addition to reviewing the interim and annual results announcements in advance of publication and planning for the annual statutory audit, the Committee has focused on the process for risk management and continues to review internal control developments.

Significant issues related to the financial statements

The significant accounting and audit matters considered by the Committee and discussed with the external auditor during the year and in relation to the 31 January 2017 year end were:

Roll-out of new contract approval policy

As a result of the change in revenue recognition policy adopted in the financial year ended 31 January 2016, the Group has undertaken a full review of its contract approval policy resulting in the launch of a new policy during the year to ensure contracts that are principal in nature can be identified by management. Given this new policy was adopted during the financial year, management have also applied a retrospective review process to ensure such contracts are captured.

Revenue recognition

During the previous year, the directors reviewed the Group's revenue recognition methodology with the conclusion being that it was more appropriate to recognise the majority of the Group's contracts on an agency basis. The new contract approval policy, as described above, was introduced as a way of ensuring any contracts that are principal in nature are captured appropriately by management.

Audit and Risk Committee report continued

The completeness of provisions against operator prepayments
It is Air Partner's policy to negotiate contract terms with aircraft operators which minimise deposit payments and align the final flight payment with the flight date as closely as possible. In addition, Air Partner's internal quality control function assesses aircraft operators prior to selection to ensure that only operators of the highest quality are used. Further to ensuring the completeness of the provisions against pre-payments, the Committee sought to ensure that the control procedures pertaining to the authorisation of payments to operators were complied with via the internal audit process.

Completeness of operator accruals
When revenues and costs for air charter contracts are initially recognised, estimates may need to be made in order to accrue items of income and expenditure that have not been invoiced. These estimates may differ from the actual outcome. Judgement is exercised when assessing the level of provisions necessary and the Committee requires that prudent but reasonable discretion is exercised on matters of judgement. The Committee determined that the level of accruals was reasonable following a detailed review of the controls and the level of accruals in relation to trading activity in the period before year end.

Finalisation of purchase price allocation relating to the acquisition of Baines Simmons Limited
During the previous financial year, the Group acquired Baines Simmons Limited. There is significant judgement required in the valuation of the intangibles, and accordingly the initial recognition was made on a provisional basis. The purchase price allocation was revised during the year, which resulted in a change to the values of intangibles and goodwill recognised. A third-party specialist was engaged to perform both the initial and subsequent purchase price allocation.

The valuation of goodwill and intangible assets created through acquisitions
During the year, there was a potential indicator of impairment in the consulting and training cash generating unit (CGU) of Baines Simmons Limited. Having performed a full impairment review exercise, it was the view of management that no impairment of the goodwill or other intangibles related to this CGU. There were no issues arising from any other impairment review performed in respect of other goodwill or intangible assets.

External audit
Deloitte was appointed as the Group's external auditor in 2011. The Group's current audit engagement partner was appointed during the period ended 31 January 2014, with the next partner rotation being due after 31 January 2018. The timing of a competitive tender will continue to be assessed on an annual basis, considering the results of the annual effectiveness review.

Prior to the audit being conducted, the Committee considered the content and scope of audit work and the audit fees proposed by Deloitte and discussed changes in accounting policies and new developments within the business which might affect financial reporting going forward. A formal report received from Deloitte, in respect of the audit and matters arising from the report was discussed prior to the Board's approval of the financial statements.

The Committee is aware of the need to safeguard the auditor's objectivity and independence and the issue is discussed annually by the Committee and periodically with the audit engagement partner from Deloitte. In addition to this, policies on the award of non-audit work to the external auditor exist. During the year ended 31 January 2017, fees of £26,000 were paid to Deloitte in respect of non-audit services. Of this amount, £22,000 was in respect of audit-related assurance services.

In assessing the effectiveness of the external audit process by the Committee, the auditors were asked to articulate the steps that they have taken to ensure objectivity and independence. This year, the Committee reviewed and challenged the external audit plan to ensure that having identified potential areas of risks, Deloitte would employ effective audit procedures to examine them. The Committee monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the Committee's decision to recommend reappointment on an annual basis.

External auditor effectiveness
The Committee reviews the effectiveness of the external auditor with the CFO at the end of each audit period. The Committee has begun the process of formally assessing Deloitte's effectiveness by asking members of the Committee, the CFO and individuals who have worked with Deloitte during the year under review to provide their feedback.

Deloitte has indicated its willingness to continue in office and the Committee has recommended Deloitte's appointment to the Board. A resolution to reappoint Deloitte will be proposed at the 2017 AGM.

Internal audit
During the year ended 31 January 2017, the responsibilities of the internal audit role were extended to include audits relating to the Group's ISO certification.

The findings of the internal audit work programme are presented to the Committee for review. The internal audit function is not fully independent of management as it is currently staffed by senior members of the Group finance function. Although not independent, the senior members of the Group finance function who undertake the work are considered appropriately qualified to undertake this work.

No significant deficiencies in the system of internal controls were identified following the internal audit review.

Internal audit effectiveness

The Code and the Committee's terms of reference require the Committee to monitor and review the effectiveness of the Company's internal audit processes. The Committee is satisfied that the internal audit function fulfilled its objectives for the year.

Whistleblowing

The Committee reviewed the Group's whistleblowing policy, known as the Concern at Work Policy, which is in place to enable members of staff to raise concerns about possible improprieties in matters of financial reporting or other matters which they believe would damage the performance or reputation of the Company.

Fair, balanced and understandable

The Board sought advice from the Committee that the information presented in this Annual Report, when taken as a whole, is fair, balanced and understandable and contains the information necessary for shareholders to assess the Group's performance, business model and strategy.

The steps taken by the Committee, or on its behalf, to provide this advice to the Board included setting up a committee of senior individuals within the Group to draft the Annual Report, with each of these individuals having responsibility for the production of certain sections of the document.

The Board requested that the Committee advise on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has advised the Board accordingly.

Discharge of responsibilities

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

The Committee has devoted significant time to reviewing these areas, which are integral to the Group's core management and financial processes, as well as engaging regularly with management.

The Committee has, where necessary, taken initiative in requesting information in order to provide the appropriate constructive challenge for its role. During the course of the year, the information that the Committee has received has been timely and clear and has enabled the Committee to discharge its duties effectively.

Approval

On behalf of the Audit and Risk Committee.

Shaun Smith
Chairman of the Audit and Risk Committee
26 April 2017

Compliance statements

Viability statement

In accordance with provision C.2.2 of the Code, the Board addressed the prospects of the Company over a period longer than the 12 months required by the going concern provision. The Board conducted this review for a period of three years, which was selected for the following reasons:

- the Group's strategic plan covers a three-year period
- the variability of earnings means that forecasting beyond three years is more subjective, hence the Board believes a three-year period is the most appropriate.

The three-year strategic plan considers the Group's cash flows, forecasted underlying profit, covenant compliance and investments in technology. These metrics are subject to sensitivity analysis which involves consideration of downside scenarios. Where possible, this analysis is carried out to evaluate the potential impact of the Group's principal risks.

The three-year plan is underpinned by regular Board briefings provided by the business unit heads and the discussion of any new strategic initiatives undertaken by the Board in its normal course of business.

Based on the results of this analysis, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

Going concern

Having considered the Group's current financial position, the factors affecting its cost base, the state of the air charter and aviation consultancy market as a whole and forecasts for a period of not less than 12 months from the date of approval of these financial statements, the directors are satisfied that the Group and Company have adequate resources to continue in business for the foreseeable future and that the Company is a going concern. Therefore, the directors have continued to adopt the going concern basis in the preparation of the financial statements.

Annual statement by the Chairman of the Remuneration Committee

"Going forward, we will support, on behalf of shareholders, the ongoing development and effective governance of a remuneration framework appropriate for our Group"

PETER SAUNDERS
Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 January 2017. During the year, I was pleased to welcome new Board members, Amanda Wills, Shaun Smith and Richard Jackson to the Committee. Going forward, we will support, on behalf of shareholders, the ongoing development and effective governance of a remuneration framework appropriate for our Group.

I have set out in my statement the following information:

- the Committee's philosophy for remuneration
- how the Committee reflects employee remuneration arrangements in considering executive remuneration
- the key activities undertaken by the Committee during the year
- the key areas of focus for the Committee during 2017/18 and beyond.

Our remuneration philosophy
The Group's total remuneration packages are designed to be competitive to attract, retain and motivate high-quality individuals throughout the business. Our packages aim to recruit talented executives and senior managers capable of effectively delivering on the Group's strategy and driving business outcomes through their teams, thereby enhancing long-term shareholder value.

The principles of our remuneration policy are to:

- ensure overall remuneration is market competitive to attract and retain the leadership and talent required to drive the business for the benefit of all stakeholders
- adopt a simple, transparent and cost-effective approach to remuneration which is clear and understandable for business leaders, shareholders and the wider team
- align compensation to performance and incorporate a balance of fixed and variable remuneration
- design incentive plans which reinforce both short- and long-term behaviours, promote long-term development and support the strategic plans of the business
- ensure remuneration packages motivate and incentivise executive directors, management and the broader team to deliver on stretching performance targets.

The Company employs a number of people in a variety of roles, from brokers and administration support staff to consultants, senior management and directors across a range of geographies. The reward structure for our people is built around a set of common reward principles on a framework altered to suit the needs of the each business area. Reward packages differ, taking into account a number of factors including seniority, role, impact on the business, local practice, custom and legislation.

The remuneration policy for the executive directors reflects the overall remuneration philosophy and principles of the wider Group. When determining remuneration policy and arrangements for executive directors, the Remuneration Committee considers the wider pay and employment conditions elsewhere in the Group to ensure pay structures from director to senior management are aligned and appropriate.

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

Key remuneration activities during the year
Following shareholder approval at our 2016 AGM, the revised policy and Long Term Incentive Plan (LTIP) were implemented. Details of how the policy was applied during the year are set out on pages 60 to 65.

In my 2016 report, I stated that the Company intended in due course to introduce a Company-wide share plan. The Committee undertook a thorough review of possible options for an all-employee share plan, the objective being to implement a Group plan that would benefit and incentivise both UK and international employees. Proposals and costs were sought from three separate market-leading share plan providers. The review highlighted that, although a UK plan set-up would be straightforward and cost effective, the set up and annual maintenance costs of implementing overseas plans in six jurisdictions were prohibitive, especially given the relatively small number of employees in those countries. After discussion, the Committee concluded that it would not be possible to introduce a Group-wide scheme that offered an equivalent benefit for all Group employees and therefore decided not to proceed with the implementation of a Group share plan at this time. It was agreed that the share plan environment should be kept under review and that if the position changed, the Committee would consider this again in the future. The introduction of such a plan would require shareholder approval.

Other key activities undertaken by the Committee during the year were:

- annual benchmarking of executive remuneration to ensure it remains appropriate to promote the long-term success of the Company
- setting bonus targets following the approval of the financial budget
- determining the extent to which the performance measures in respect of the incentive plan have been achieved
- approving the Key Results Areas for the CEO and CFO for 2017/18.

Focus for 2017/18 and beyond
During the current year, the Committee will continue to review executive and Group-wide remuneration to ensure it remains appropriate to promote the long-term success of the Company.

Compliance statement
This report complies with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules and applies the main principles relating to remuneration which are set out in the UK Corporate Governance Code.

Recommendation
Positive votes of 99.84% in favour of the Directors' remuneration report and the Directors' remuneration policy report were received from shareholders at the 2016 AGM, providing a strong endorsement for our remuneration strategy. I will be available, together with my fellow Committee members, at our AGM in June 2017 to answer any questions or receive your feedback with regard to our policy and how we have implemented it.

On behalf of the Committee, I look forward to receiving your support at the AGM.

Peter Saunders
Chairman of the Remuneration Committee
26 April 2017

UK Corporate Governance Code

D. Remuneration
D.1 Setting levels of remuneration
The Remuneration Committee sets levels of remuneration to promote the long-term success of the Company and structures executive remuneration so as to link rewards to corporate and individual performance.

D.2 Procedure
The composition of the Remuneration Committee and its activities and approach to setting the remuneration policy for the executive directors and recommendations and monitoring of the level and structure of remuneration for senior management can be found in the Annual statement of the Chairman of the Remuneration Committee set out on pages 54 to 55. The Board determines the remuneration of the non-executive directors within the limits set in the Company's Articles of Association.

The information contained in the following parts of this report has been audited: the table containing the single total figure of remuneration for directors and accompanying notes, pension entitlements and incentive awards made during the year on page 60 and directors' beneficial interests in shares on page 63.

The information set out on pages 60 to 65 of this report includes, as indicated, the auditable disclosures referred to in the Auditors' report on pages 72 to 79 as specified by the UK Listing Authority and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations).

As required by the Regulations, the rest of this report is divided into two sections:

- the directors' remuneration policy table which sets out the elements of the Company's policy on director remuneration
- the annual report on remuneration which sets out payments made to the Directors which will be put to shareholder vote at the 2017 AGM.

Remuneration policy report

Extracts from the remuneration policy that was approved by shareholders at the 2016 AGM are set out below to enable the reported remuneration to be assessed in the context of the relevant aspects of the policy. The current intention is that this policy will operate until the 2019 AGM. The original Remuneration policy report for the year ended 31 January 2016 is published in its entirety in the Company's Annual Report for the year which is available at www.airpartner.com.

Remuneration policy table – executive directors

Remuneration element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Base salary	Supports the recruitment and retention of executive directors of the calibre required to fulfil the role without paying more than is necessary. Rewards executives for the performance of their role. Reflects the individual's skills, experience and role within the Group.	Paid in cash. Normally reviewed annually to take effect on 1 August but exceptionally may take place at other times of the year. In determining base salaries, the Committee considers: • pay levels at companies of a similar size and complexity • external market conditions • pay and conditions elsewhere in the Group • personal performance.	The Committee's policy is to set base salary at an appropriate level taking into account the factors outlined in this table; there is no maximum value. The Committee considers individual salaries at the appropriate Committee meeting each year.	N/A	None
Pension	Provides funds to allow executives to save for retirement. Provides a market competitive retirement benefit. Incentivises and encourages retention.	In determining pension arrangements, the Committee takes into account relevant market practice. The scheme is defined contribution. A salary sacrifice scheme is in operation for executive directors. Executive directors may elect with the Committee's consent to receive some or all of the Company's pension contribution as a cash alternative. Bonuses are non-pensionable.	Both the CEO and CFO receive a company contribution of 12.0% of basic salary.	N/A	None
Benefits in kind	Provides a market competitive level of benefits to executive directors.	Executive directors can receive life assurance, health insurance, car allowance, income protection, critical illness cover and sports club or gym membership.	There is no maximum value.	N/A	None

Remuneration element	Purpose and link to remuneration policy	Key features and operation	Maximum potential value	Performance metrics	Provision for claw back or withholding of payment
Relocation/ expatriate assistance	Provides assistance to executive directors who are required to work away from their home location to enable the Company to recruit the best person for the role.	Assistance will include (but is not limited to) facilitating or meeting the costs of obtaining visas or work permits for executive directors and their immediate family, removal and other relocation costs, house purchase or rental costs, limited amount of travel costs, tax equalisation arrangements.	There are a number of variables affecting the amount that may be payable, but the Remuneration Committee would pay no more than it judged reasonably necessary. The maximum amount payable shall not exceed £50,000 per individual in any financial year.	N/A	None
Annual bonus	Rewards and incentivises the achievement of annual financial objectives which are aligned with key strategic goals and support the enhancement of shareholder value.	Paid in cash following announcement of financial year results. Bonuses are non-pensionable. May be paid in shares at the Committee's discretion.	Maximum opportunity to achieve: • CEO: 150% of base salary • CFO: 100% of base salary Bonus accrues from threshold levels of performance.	Both CEO and CFO bonus payment based on: • personal objectives: 30% based on performance towards Key Results Areas (KRA) defined at the beginning of each financial year • Company performance: 70% based on financial metrics.	Bonus is usually not paid to a good leaver should they leave before the payment date of said bonus. From 2016, arrangements in place under which amounts paid out in bonus can be clawed back from executive directors in defined circumstances.
Long Term Incentive Plan (LTIP)	Incentivises executives to achieve the Company's long-term strategy and create sustainable shareholder value. Enhances shareholder value by motivating growth in earnings and maintenance of an efficient and sustainable level of return of capital. Aligns with shareholder interests through the delivery of shares.	Awards vest after three years based on Group financial targets. Awards are in the form of nil-cost options and must be exercised within four years of vesting. 25% of awards vest at threshold levels of performance. For performance above threshold, awards vest on a straight-line basis up to a maximum of 100%.	Maximum plan award of 150% of base salary to be used in exceptional circumstances. Usual award levels will be: • CEO: 100%-150% of base salary • CFO: 75%-100% of base salary.	The Committee will review the appropriateness of performance measures on an annual basis and set challenging targets consistent with the business strategy. The Committee has the ability to select appropriate performance condition criteria, mix and targets each year. In the past, these have been EPS and TSR based targets and the Committee expects this to continue. Further detail of the specific measures that the Remuneration Committee intends to apply to awards made in the year ending 31 January 2017 are set out in the annual report section of this report.	As per the rules of the scheme, awards will lapse if the executive leaves before the end of the performance period. The Remuneration Committee has discretion in certain circumstances (for example death, serious illness, redundancy) to permit an award to vest before the end of the performance period. Contains provisions under which amounts paid out can be clawed back from executive directors in defined circumstances. Contains a 'malus' provision.
Shareholding guideline	Incentivises executives to achieve the Company's long-term strategy and create sustainable shareholder value. Aligns with shareholder interests.	Target value to be achieved over five years: • CEO – 100% of salary • CFO – 50% of salary. Until the guideline has been achieved, executives must retain at least half vested LTIP awards beyond those needing to be sold to pay tax.	N/A	N/A	N/A

Remuneration policy report continued

Remuneration policy table – non-executive directors

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

The non-executive directors' remuneration (including that of the Chairman) reflects the anticipated time commitment to fulfil their duties. Non-executive directors do not receive benefits, bonuses, long-term incentive awards, a pension or compensation on termination of their appointments.

The following table sets out a summary of the Company's remuneration policy for non-executive directors:

Remuneration element	Purpose and link to remuneration policy	Key features and operation (including maximum levels)
Fees	Fees for non-executive directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group.	The non-executive director fees policy is: • to pay a basic fee for membership of the Board • to pay additional fees for chairmanship of the Board and chairmanship of a committee to take into account the additional responsibilities and time commitment of these roles. Fees are reviewed at appropriate levels at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the director. The Company's current maximum fees are as follows: • basic fee – £30,000 • additional fee for Board Chairman – £30,000 • additional fee for Committee Chairman – £5,000.

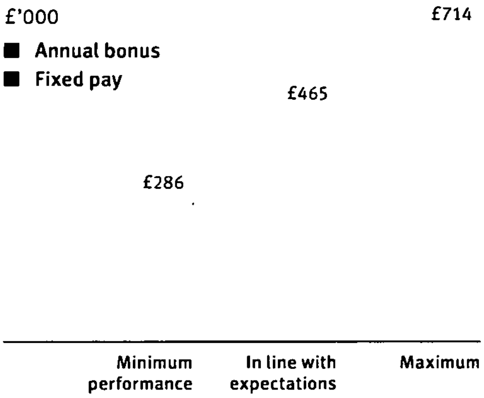
Illustration of application of remuneration policy

Three scenarios of executive directors' remuneration are illustrated below:

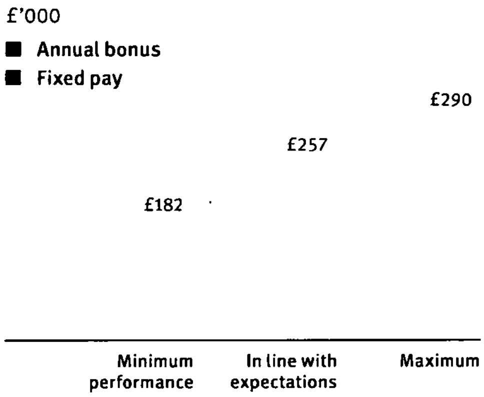
	Chief Executive Officer	Chief Financial Officer
Maximum performance (Fixed pay plus full vesting of all performance related pay.)	Fixed remuneration Performance bonus pay-out equivalent to 150% of base salary.	Fixed remuneration Performance bonus pay-out equivalent to 100% of base salary.
At expectation performance (Fixed pay plus short- and long-term performance related pay vesting at the levels reasonably expected.)	Fixed remuneration Performance bonus pay-out equivalent to 78.5% of base salary.	Fixed remuneration Performance bonus pay-out equivalent to 54.75% of base salary.
Below threshold performance (Only fixed pay (salary, benefits in kind and pension) is payable and no short- or long-term performance-related pay accrues.)	Fixed remuneration No performance bonus pay-out.	Fixed remuneration No performance bonus pay-out.

The chart below sets out an illustration of the potential value of the current components of the executive directors' remuneration for the year ended 31 January 2017, showing the proportion of total remuneration made up of each component and the value of each component.

Chief Executive Officer



Chief Financial Officer



- Salary, benefits in kind and pension (as per the remuneration policy) are shown as estimated cash cost or taxable value to the individual.
- The Company's bonus schemes operate so that amounts in respect of the current financial period are only paid in the following financial year, after the completion of the audit and Board approval of the accounts. The chart reflects the bonus amount earned in the period but not necessarily paid at year end.
- Bonus at below threshold performance reflects a position where none of the personal or corporate metrics was achieved at threshold level; expectation reflects metrics achieved at target level and maximum reflects the position where every metric is achieved at stretch up to the amount of bonus cap. Please refer to the table in 'Annual bonus (audited)' on page 61 for an illustration of the criteria that have been applied to the three scenarios presented in this table.

Annual report on remuneration

This section of the report sets out the annual report on remuneration for the year ended 31 January 2017.

Remuneration Committee structure
The Committee is constituted as a formal sub-committee of the Board with its own defined terms of reference. Its primary role is to review and set the remuneration policy for the executive directors, within the context of salaries and benefits paid across the Group as a whole, and making discretionary performance-related awards to the executive directors. The full Board agrees the remuneration of the Chairman and non-executive directors on the principle that no individual should be able to determine their own remuneration.

Remuneration Committee membership
The members of the Committee during the year until the date of this report were:

Peter Saunders (Chairman)
Richard Everitt
Richard Jackson (appointed 8 September 2016)
Shaun Smith (appointed 1 May 2016)
Amanda Wills (appointed 20 April 2016)
Andrew Wood (resigned 29 June 2016)

In addition, the Chief Executive Officer, Chief Financial Officer and Group Head of Human Resources are invited from time to time to attend meetings of the Committee. No individuals are involved in decisions relating to their own remuneration. The Committee met formally four times during the year. The terms of reference for the Committee can be viewed on the Company's website.

Advisers to the Committee
The Committee can and did obtain information and advice during the period under review from the Group Head of Human Resources, Rachel Thripp, the Company Secretary, Sally Chandler, and the executive directors, Neil Morris and Mark Briffa, and may seek advice from any other employees as required.

It may also obtain, at the expense of the Company, any necessary legal or professional advice, up to a predetermined limit. In 2015/16, the Committee sought advice on executive remuneration from an independent remuneration adviser as detailed in the Annual statement of the Chairman of the Remuneration Committee on pages 54 and 55. h2glenfern Limited continues to provide advice to the Committee on executive remuneration as required. h2glenfern voluntarily

Directors' remuneration for the year ended 31 January 2017 (audited)
The following table provides details of the directors' remuneration for the year ended 31 January 2017, together with their remuneration for the year ended 31 January 2016:

	Salary		Taxable benefits		Bonus		Gain on vesting of share option		Pension		Total	
(Audited)	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Executive directors												
Mark Briffa	**250**	230	**20**	19	**188**	246	**178**	–	**16**	75	**652**	570
Neil Morris[1]	**155**	152	**13**	13	**59**	78	**–**	–	**36**	32	**263**	275
Non-executive directors												
Richard Everitt	**60**	60	**–**	–	**–**	–	**–**	–	**–**	–	**60**	60
Andrew Wood[2]	**15**	35	**–**	–	**–**	–	**–**	–	**–**	–	**15**	35
Peter Saunders[3]	**35**	34	**–**	–	**–**	–	**–**	–	**–**	–	**35**	34
Amanda Wills[4]	**23**	–	**–**	–	**–**	–	**–**	–	**–**	–	**23**	–
Shaun Smith[5]	**25**	–	**–**	–	**–**	–	**–**	–	**–**	–	**25**	–
Richard Jackson[6]	**12**	–	**–**	–	**–**	–	**–**	–	**–**	–	**12**	–
Grahame Chilton[2]	**–**	4	**–**	–	**–**	–	**–**	–	**–**	–	**–**	4
Total	**575**	515	**33**	32	**247**	324	**178**	–	**52**	107	**1,085**	978

1. For the year ended 31 January 2017, Neil Morris surrendered £14,000 out of his bonus to be paid as pension contribution.
2. Grahame Chilton and Andrew Wood resigned from the Board on 16 March 2015 and 29 June 2016 respectively.
3. Peter Saunders was appointed as Chairman of the Remuneration Committee on 16 March 2015.
Expenses reimbursed to Peter, including air fares to Board meetings, amounted to £28,000 in the year to 31 January 2017.
4. Amanda Wills was appointed to the Board on 20 April 2016.
5. Shaun Smith was appointed to the Board on 1 May 2016 and as Chairman of the Audit and Risk Committee on 29 June 2016.
6. Richard Jackson was appointed to the Board on 8 September 2016.

operates in accordance with the Code of Conduct of the Remuneration Consultants' Group in relation to executive remuneration consulting in the United Kingdom and has confirmed that it has adhered to the Remuneration Consultant Group's Code of Conduct throughout the year for all remuneration services provided to the Group. The Committee has therefore satisfied itself that all advice provided by h2glenfern was objective and independent. A fee of £20,040 was payable to h2glenfern in the year under review. h2glenfern does not provide services to the Group other than remuneration advice.

Taxable benefits – executive directors receive a benefits package including a car allowance, life assurance, subsidised gym membership and home telephone and internet facility. The car allowance payable to the CEO and CFO included in the above amount was £15,000 and £10,000 respectively (2016: £15,000 and £10,000).

Bonus – the maximum bonus for the period for the CEO and CFO was capped at 150% of the financial element of the bonus, which equates to a maximum of 150% of salary and 100% of salary respectively.

LTIP – awards under the revised Air Partner Share Incentive Plan 2012 following approval at the 2016 AGM was made to both executive directors in the period under review and are subject to performance and continued service conditions.

Pension-related benefit – both executive directors are members of the Air Partner Pension Scheme (a defined contribution scheme) and receive a pension contribution of 12% of base salary. Executive directors may elect with the Committee's consent to receive some or all of the Company's pension contribution as a cash alternative.

Annual bonus (audited)

As noted above, the bonus payments for both the CEO and CFO are based on the following weighting: 70% on achievement of the Group's underlying profit before tax target and 30% attributable to personal objectives, which only become payable should the Group achieve 65% or higher of its underlying profit before tax target. For reference, the underlying profit before tax target for the financial year ended 31 January 2016 was £3.8m and for the financial year ended 31 January 2015 was £4.8m, the thresholds for 2017 were £5.0m and £5.5m respectively.

In respect of the personal objective element, the executive directors receive four to five objectives each year against which they will receive a score of 0 (unacceptable performance) to 4 (excellent performance). Although every effort is made to ensure that personal objectives are SMART, there is likely to be a degree of subjectivity to the scores attributed against each objective.

As the Group achieved its underlying profit before tax target and surpassed the 65% underpin level of the payment of the personal objective element, bonuses were payable to the executive directors for the period ending 31 January 2017.

	Mark Briffa		
	Weighting as % of bonus	% achieved in 2017	Total bonus earned
Personal objectives	30%	88%	65,625
Financial target	70%	70%	122,500
Total bonus achieved	**100%**		**188,125**

	Neil Morris		
	Weighting as % of bonus	% achieved in 2017	Total bonus earned
Personal objectives	30%	63%	20,278
Financial target	70%	70%	52,994
Total bonus achieved	100%		73,272

The specific performance targets for the annual bonus for the current and previous year are considered to be commercially sensitive and accordingly are not disclosed.

Payment table of employee wages and other company metrics

	2016-2017	2015-2016	% variance
Total employee pay compared to prior period (£m)	18,453	15,291	20.68
Profit before tax (£m)[1]	4,348	3,137	38.92
Total dividends paid (pence)	**24.93**	**22.73**	**9.68**

1. The Remuneration Committee considers profit before tax to be a key measure of the Group's performance, therefore it is shown above.

Annual report on remuneration continued

Performance graph and CEO remuneration table

To help investors to measure the Company's comparative performance, the graph below shows the change in the total shareholder return of the Company for each of the past eight financial years compared with the FTSE All Share Index.

The Company is not currently a constituent member of the FTSE All Share Index, but the Index has been selected as an appropriate comparator because it is easily accessible by investors and covers the performance of a broad range of companies, including aviation, transport and luxury retail businesses.

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

Year	CEO single figure of total remuneration £'000	Annual bonus pay-out against maximum %	Long-term incentive vesting rates against maximum opportunity %
2017	652	50.1	65.5
2016	570	73.9	–
2015	271	–	–
2014 – 18 months	656	92.8	66.7
2012	249	16.8	–
2011	369	100.0	–
2010	215	15.0	–

The table below shows the percentage change in remuneration of the director undertaking the role of Chief Executive Officer and the Group's UK employees as a whole between the year ended 31 January 2017, on an annualised basis, and 31 January 2016.

All UK employees employed by the Group in both January 2016 and January 2017 were chosen as the most appropriate comparator group as this includes senior management and excludes international employees who are on different pay structures.

%	Salary	Benefits	Annual bonus
CEO	8.74	4.00	-24.60
Average pay based on all of the Group's UK employees	5.86	2.24	-20.99

Directors' beneficial interests in shares (audited)

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

	31 Jan 17	31 Jan 16
M A Briffa	**262,230**	33,061
R L Everitt	**25,000**	5,000
P Saunders	**25,000**	–
S Smith	**11,635**	–
A R Wood (resigned 29 June 2016)	**50,000**	10,000

There were no changes in the directors' beneficial interests in shares between 31 January 2016 and 26 April 2017 (being the latest practicable date prior to the publication of this report). No director has a non-beneficial interest in the shares of the Company.

Share options

Non-executive directors are not eligible to participate in the Company's share option scheme. Details of the options held by executive directors at the beginning and end of the year are as follows:

Share options (audited)	Number of options								
Name	31 January 2016	Granted	Exercised	Expired	Lapsed	31 January 2017	Exercise price	Earliest date of exercise	Expiry date
M A Briffa	200,000	–	–	–	200,000	–	158.5p[1]	21 Nov 2009	21 Nov 2016
	50,000	–	–	–	–	**50,000**	176.8p[2]	24 Jan 2011	24 Jan 2018
	200,000	–	–	–	–	**200,000**	109.0p[2]	27 Nov 2011	27 Nov 2018
	25,000	–	–	–	–	**25,000**	78.5p	26 Oct 2013	26 Oct 2020
	475,000	–	–	–	200,000	**275,000**			

1. as the performance criteria for these share options were not met, the options have lapsed.
2. option vested but not exercised.

Long-Term Incentive Plan (LTIP) (audited)

Share options (audited)		Number of options								
Name	Date of grant	31 January 2016	Granted	Exercised	Expired	Lapsed	31 January 2017	Exercise price	Earliest date of exercise	Expiry date
M A Briffa	22 Oct 2013	279,200	–	182,875	–	96,325	–	0.0p	22 Oct 2016	22 Oct 2020
	3 Jun 2015	435,485	–	–	–	–	**435,485**	0.0p	04 Jun 2018	04 Jun 2025
	29 June 2016	–	552,080	–	–	–	**552,080**	0.0p	29 Jun 2019	29 Jun 2026
Total		714,685	552,080	182,875	–	96,325	**987,565**			
N J Morris	3 Jun 2015	193,550	–	–	–	–	**193,550**	0.0p	04 Jun 2018	04 Jun 2025
	29 June 2016	–	113,730	–	–	–	**113,730**	0.0p	29 Jun 2019	29 Jun 2026
Total		193,550	113,730	–	–	–	**307,280**			

The number of share options awarded under the LTIP was determined by using the closing price of an Air Partner plc share on the day preceding the date of grant as ascertained by the Official List which was 502.5p on 21 October 2013, 387.5p on 2 June 2015 and 339.63p on 28 June 2016.

The face value of awards made to Mark Briffa and Neil Morris on 3 June 2015 are £340,000 and £151,000. This is calculated based on a closing share price of £3.89 on 3 June 2015. Prices quoted are pre-share split.

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

Annual report on remuneration continued

Vesting of the grants is subject to a combination of 50% earnings per share (EPS) and 50% total shareholder return (TSR) related targets:

EPS:

- 100% vest if performance greater than RPI +20% per annum
- 25% vest if performance equal to RPI +15% per annum.

TSR:

- 100% vest if performance greater than 75th percentile
- 25% if performance equal to 50th percentile.

Between these target levels, share options will vest on a straight-line basis and shares will vest, subject to achievement of these performance conditions, on 3 June 2018.

The adjusted underlying EPS for the base year ending 31 January 2015 has been calculated as 19.5p excluding the impact of one-off tax credits.

The face value of awards made to Mark Briffa and Neil Morris on 29 June 2016 are £408,539 and £84,157. This is calculated based on a closing share price of 370p on 29 June 2016. The number of LTIPs awarded was determined from the closing share price the day prior to grant (339.63p per share) and the executive directors' salaries at the date of grant.

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

EPS

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

EPS growth	% of award vesting
Below CPI +5% pa	Nil
CPI +5% pa	25%
CPI +10% pa or above	100%

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

TSR

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

EPS growth	% of award vesting
Below 9% pa returns	Nil
9% pa returns	25%
16% pa returns or above	100%

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

The adjusted underlying EPS for the base year ending 31 January 2016 has been calculated as 24.6p.

The market price per share at 31 January 2017 was 108p (540p) (31 January 2016: 77p (385p)) and ranged between 66p (330p) and 108p (540p) during the year. The average price during the year ended 31 January 2017 was 86p (430p) (31 January 2016: 76p (380p) per share). Prices shown in brackets are pre-share split.

Share award vesting

The share award under the LTIP granted to Mark Briffa on 22 October 2013 (the 2013 award) vested on 3 October 2016. The vesting covered the performance period from 1 August 2013 to 31 July 2016.

The 2013 award was subject to a performance condition with an EPS element and a TSR element.

The Company's broker, Liberum Capital confirmed to the Committee that were Air Partner in the FTSE Small Cap Index, it would have ranked 52nd over the measurement period and that as the schedule of the rules of the LTIP stated that there would be conditional vesting where the performance was between the 50th and 75th percentile rankings, this resulted in 31% of the TSR element being achieved with Air Partner ranking as 52nd. The Committee therefore agreed that 31% of the TSR element of the award, being 50% of the total award, would vest.

The Remuneration Committee satisfied itself that the recorded EPS growth and TSR ranking was a genuine reflection of the underlying business performance of the Group, and approved the vesting of the 2013 award at the calculated percentages set out below:

Performance criterion	Achieved	% of award to vest
EPS growth	Growth greater than RPI +10%	100%
TSR	52nd percentile against the FTSE Small Cap Index	31%

The measurement period was non-coterminous to Air Partner's accounting reference date.

Following such vesting, Mark Briffa exercised options and acquired shares and shares were surrendered for cash to pay the PAYE/NIC liabilities related to the option exercise as set out below:

2013 award	Shares vested in award	Shares surrendered for cash to satisfy tax/ NI liabilities	Shares retained
Mark Briffa	36,575	17,190	19,385

Shareholder voting

At the 2016 AGM, the results of the votes on the Directors' remuneration report were:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For (including discretionary)	4,037,578	99.84	4,037,578	99.84
Against	6,614	0.16	6,614	0.16
Votes withheld	12,528	–	12,528	–

Application of the policy for 2016/17

Fixed pay

Details of the fixed pay of the executive directors for the current year are set out in the table below:

	Basic salary £'000	Car allowance £'000	Total £'000
CEO	250	15	265
CFO	155	10	165

Pension

The Company pension contribution for the executive directors will remain the same in the current financial year. Executive directors may elect with the Committee's consent to receive some or all of the Company's pension contribution as a cash alternative.

Annual bonus

The Remuneration Committee has set stretching targets for both Group financial performance and personal objectives under the annual bonus plan. Detail on the targets is considered commercially sensitive and for this reason is not disclosed during the current financial year.

The performance measures and weightings for the financial year ending 31 January 2018 are as follows:

	As percentage of maximum bonus opportunity	
Measures	CEO	CFO
Underlying profit before tax	70%	70%
Personal objectives	30%	30%

The Directors' remuneration report was approved by the Board on 26 April 2017 and is signed on its behalf by:

Peter Saunders
Chairman of the Remuneration Committee

Directors' report

The directors present their reports and the audited financial statements for the year ended 31 January 2017.

Statutory information contained elsewhere in the Annual Report
Information required to be part of the Directors' report can be found elsewhere in this document, as indicated, is incorporated into this report by reference:

- Results and dividend in the Chairman's statement on page 4
- Corporate governance and the Group's financial risk management objectives and policies in the Corporate governance statement on pages 45 to 49
- Details of the salaries, bonuses, benefits and share interests of directors in the Directors' remuneration report on page 60
- Directors' responsibility statements on page 69
- Employee relations and equal opportunities in Our People on pages 12 and 13.

Likely future events and all post-balance sheet events are disclosed within the Strategic report on pages 1 to 39.

Management report
The Strategic report on pages 1 to 39 and this Directors' report, with its inclusions as indicated above, form the Management report as required by DTR 4.1.5R.

Directors and directors' interests
The names of the directors of the Company are shown on page 42 and changes to directorships during the reporting period are shown on page 45. Biographical details of the current directors of the Company are shown on page 42. Details of directors' interests in the shares of the Company are shown on page 63. This information is incorporated into this report by reference.

Directors' indemnities and insurance
The Company has made qualifying third-party indemnity provisions for the benefit of its directors that remain in force at the date of this report. In certain circumstances, the Company can indemnify directors, in accordance with its Articles of Association, against costs incurred in the defence of legal proceedings brought against them by virtue of their office. Directors' and officers' liability insurance cover remains in place to protect all directors and senior managers.

Directors' conflict of interest
No director had, during the year, any beneficial interest in any contract significant to the Company's business, other than a contract of employment. The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Company, they are required to notify the Board in writing or at the next Board meeting.

Articles of Association
Any amendment to the Company's articles of association may only be made by passing a special resolution of the shareholders of the Company.

Substantial shareholdings
As at 26 April 2017, the Company was aware of substantial interests in the Company's shares or had been notified of interests in voting rights under Chapter 5 of the Disclosure and Transparency Rules, as follows:

Shareholder	Number of shares	% held	Nature of holding
Schroder Investment Management	8,783,915	16.82	Indirect
Aberforth Partners LLP	6,754,630	12.94	Indirect
Sanford DeLand Asset Management	3,500,000	6.70	Indirect
BlackRock	2,159,980	4.14	Indirect

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

Share split, share capital structure, buying back and shareholder rights
On 25 January 2017, the Company's shareholders approved a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1p each. The share split became effective on 31 January 2017.

The authorised share capital of the Company is £750,000 divided into 75,000,000 ordinary shares of 1 pence each. The Company has one class of ordinary shares which have equal rights to dividends and capital and to vote at general meetings of the Company, as set out in the Company's Articles of Association. The number of ordinary shares of 1 pence each issued and fully paid at 31 January 2017 was 52,217,565 (2016, before share split: 10,443,513 ordinary shares of 5p each). Other than in respect of the share split, no new shares have been issued during the year. No shares were bought back during the year.

Options outstanding under all employee share schemes amounted to 6.12% of the Company's issued share capital as at 31 January 2017. This includes options granted which have not yet vested. In addition, options representing 8.99% of the issued share capital have been exercised within the 10 years preceding 31 January 2017. No more than 10% of the issued share capital in any rolling 10-year period may currently be taken up by employee share schemes by way of dilution with any excess (up to a further 10% of the issued share capital) being acquired by purchase in the market via the Air Partner Employee Benefit Trust (the Trust). Under the Articles of

Association, the Company has authority to issue 75,000,000 ordinary shares. Resolutions to renew the authorities given to directors to allot shares, to dis-apply certain pre-emption rights and to make market purchases of the Company's own shares, all subject to appropriate limits, will be put to the Annual General Meeting (AGM) to replace the authorities granted in 2016.

The Trust holds ordinary shares in the Company in order to satisfy options under the Group's share option schemes. At 31 January 2017, the number of ordinary shares held by the Trust was 341,820. Shares held by the Trust abstain from voting and are not entitled to receive dividends. A further 413,640 shares are held by the Trust in a nominee capacity for two beneficiaries of the Trust.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

No individual or corporate entity has the right to appoint a director. The appointment and replacement of directors is governed by the Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation.

Change of control – significant contracts

There are a number of commercial agreements that take effect, alter or terminate upon a change of control of the Company; none is considered to be significant in terms of its potential impact on the business of the Group as a whole.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Branches

The Company and its subsidiaries have an established branch in Austria.

Greenhouse gas emissions

	2017 Global tonnes of CO_2e	2016 Global tonnes of CO_2e
Vehicles	**18**	16
Electricity	**387**	307
Total	**405**	323

We have reported on all of the emission sources required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. The reporting boundary used for collation of the above data is consistent with that used for consolidation purposes in the financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014 to calculate the above disclosures.

Given the Group's operations, CO_2e emissions are restricted to office use and the operation of a small number of vehicles. In the case of offices, occupation is within a multi-occupied building for all of the Group's subsidiaries without separate metering for individual usage by each tenant. Accordingly, an estimate has been used.

Directors' report continued

Political contributions
There were no political contributions during the year (2016: £nil).

Directors' statements
As required under the Companies Act 2006, the UK Corporate Governance Code 2014 and the Disclosure and Transparency Rules (DTRs), various statements have been made by the Board as set out on pages 44 and 55 and are incorporated into this report by reference.

Independent auditor
Deloitte LLP has confirmed that it is willing to be reappointed as auditor for the financial year ending 31 January 2017.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing the appointment of a statutory auditor will be proposed at the 2017 AGM.

Annual General Meeting
The 2017 AGM will be held at 11am on Wednesday 28 June at 2 City Place, Beehive Ring Road, Gatwick, RH6 0PA. The Company confirms that it will send the Notice of AGM and related documentation to shareholders at least 20 working days before the meeting, either by post, to those shareholders who prefer a paper copy, or by email to those shareholders who have agreed that the Company can communicate with them electronically.

Both the Notice of AGM and the Proxy form are available to download from the Investors section on the Company's website.

The Directors' report was approved by the Board on 26 April 2017 and is signed on its behalf by:

Sally Chandler
Company Secretary
Air Partner plc

Directors' responsibility statement

The directors are responsible for preparing the Strategic report incorporating the business review, the Directors' report, the Directors' remuneration report and the Group and Parent Company financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted for use in the European Union. Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position, financial performance and cash flows. This requires the fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Directors are also required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- 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 which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities, and for the preparation of a Directors' report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

Directors' statement of responsibility for financial statements
Each of the directors serving at the date of approval of the accounts confirms that, to the best of his/her knowledge and belief:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group and Company
- the Strategic report and the Directors' report give a fair review of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Directors' statement of responsibility for disclosure of information to auditor
As required by section 418 of the Companies Act 2006, each director serving at the date of approval of the financial statements confirms that:

- to the best of his/her knowledge and belief, there is no information relevant to the preparation of their reports of which the Company's auditor is unaware
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

The Directors' statements were approved by the Board on 26 April 2017 and are signed on its behalf by:

Sally Chandler
Company Secretary
Air Partner plc

Financial statements

Independent auditor's report to the members of Air Partner plc

Opinion on financial statements of Air Partner plc
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 International Financial Reporting Standards (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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements that we have audited comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated and Company Statements of Financial Position
- the Consolidated and Company Cash Flow Statements
- the Consolidated and Company Statements of Changes in Equity
- the related notes 1 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Summary of our audit approach

Key risks	The key risks that we identified in the current year were: 1 Revenue recognition: classification as either agent or principal 2 Completeness of provisions against operator prepayments 3 Completeness of operator accruals 4 Finalisation of purchase price allocation relating to the acquisition of Baines Simmons 5 Impairment of goodwill and intangible assets relating to the Baines Simmons consulting and training cash-generating unit. Within this report, any new risks are identified with and any risks which are the same as the prior year are identified with .
Materiality	Our chosen materiality of £410,000 (2016: £285,000) represents 8.1% (2016: 6.6%) of underlying profit before tax, 1.3% (2016: 1.0%) of gross profit and 2.7% (2016: 2.1%) of net assets. Underlying profit before tax is defined by management in note 2.
Scoping	Our global testing approach is a combination of full scope, specified audit procedures and defined procedures. We have made changes to our scoping decisions made in the prior year for several global entities to reflect their current significance.
Significant changes in our approach	We identified an additional key risk in the current year relating to the risk of impairment of the Baines Simmons consulting and training cash-generating unit. We have not reported on the revenue recognition of JetCard and other deferred income as this risk didn't have a significant effect on the allocation of resources in the audit in the current year.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the directors' statement on the longer-term viability of the Group contained within the Audit and Risk Committee report on page 51.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on page 53 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity
- the disclosures on pages 18-21 that describe those risks and explain how they are being managed or mitigated
- the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements
- the directors' explanation on page 53 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described on pages 74 to 76 are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Independent auditor's report to the members of Air Partner plc continued

1. Revenue recognition: classification as either agent or principal

Risk description	Air Partner plc provides air charter services to customers using operator aircraft to supply the flight. The recognition of revenue as either 'agent' or 'principal' is determined by the application of the criteria set out in IAS 18 'Revenue'. Under this standard, an entity is acting as principal when it has exposure to the significant risks and rewards associated with the rendering of services. Management must apply their judgement to consider if the Company is acting as the principal or the agent in each contract with the end customer where Air Partner's standard terms and conditions are modified (or indeed not used as a basis for the contract). There is a risk that revenue is recognised incorrectly either as 'gross' revenue when the business is not exposed to 'principal' risk, or booked as 'net' or 'agency' revenue when the balance of risk points to the Company being the 'principal' in the arrangement. Total gross transaction value (GTV) was £215.8m in the year ended 31 January 2017 (2016: £210.8m). GTV represents the total value of invoices raised to customers. The Group's revenue recognition accounting policy is included on page 92 of the notes to the financial statements. This is discussed by the Audit and Risk Committee on page 51.
How the scope of our audit responded to the risk	In order to address this risk: • we tested the design and implementation of management's controls over the classification of revenue • we obtained and reviewed Air Partner's standard contract terms and those contracts where management concluded that they were principal against the IAS 18 criteria to assess whether the correct application of IAS 18 recognition was applied • we also selected a sample of recorded revenue amounts, obtained and reviewed the customer contract in order to assess whether the correct application of IAS 18 revenue classification had been applied • we performed focused testing on a further sample of contracts which management has classified as agent arrangements by selecting a sample of those which had similar characteristics (industry, size, margin) to customer contracts where Air Partner was classified as principal. For these we evaluated management's assessment on whether Air Partner is an agent using the criteria of IAS 18.
Key observations	From the work performed above, we are satisfied that revenue recognition has been appropriately applied in accordance with IAS 18.

2. Completeness of provisions against operator prepayments

Risk description	The Group enters into sales contracts with customers for aircraft charter and enters into purchase contracts 'back-to-back'. The Group is required to prepay operators for flights which occur in the future. At the year end, the value of Group prepayments was £5.2m (2016: £7.0m) which includes operator prepayments. Although the Group matches the purchase contract with the customer receipt, there is a credit risk in cases where suppliers default before the flight takes off and that monies prepaid to suppliers are not recoverable. In certain cases, Air Partner may still fulfil the flight for the customer. There is a risk these prepayments need to be provided for. This is discussed by the Audit and Risk Committee on page 52.
How the scope of our audit responded to the risk	In order to address this risk: • we checked the accuracy of the listing of prepaid operator costs as at 31 January 2017 by agreeing a sample through to signed contracts • we reviewed prepaid operator costs to identify those which had a higher chance of irrecoverability • we traced a sample of prepayments through to post-year end flight records to check that the operator had supplied the flight • for those flights in our sample that had not yet taken off at the date of our testing we reviewed the operator's business history with the Group for evidence of dispute and slow payment as well as third-party evidence of their financial position • we requested details from the Group's external legal advisers to identify legal disputes with operators.
Key observations	From the work performed above, we are satisfied that operator prepayments are valued appropriately.

3. Completeness of operator accruals

Risk description	Flights and related services are purchased from a large number of different suppliers and the nature of the Group's products and services is that they are bespoke and tailored to the client's requirements. As a result, the process of matching costs and associated revenues in order to appropriately account on an accruals basis requires estimation of future costs. The risk of completeness is considered significant as: • suppliers submit invoices with differing timescales, often significantly later than the date of the service provision • certain employees have elements of their remuneration based upon a commission calculated with reference to gross profit on flight services. These factors result in a heightened risk of under-accrual of costs. This is discussed by the Audit and Risk Committee on page 52.
How the scope of our audit responded to the risk	In order to address this risk: • we tested a sample of purchase invoices and payments made after 31 January 2017. We agreed these to evidence supporting the date of flights or service delivery and considered whether, where this was before the year end, an accrual had been recorded • we performed analytical procedures on gross margin for the components in our scope to highlight instances where costs may not have been recorded. If we identified an unexpected margin, we carried out more focused testing on the completeness of accruals • we reviewed significant accrual amounts against amounts recorded at the prior period end to highlight any potential risk of under-accrual.
Key observations	From the work performed above, we did not identify any incomplete accruals which required reporting to the Audit and Risk Committee.

4. Finalisation of purchase price allocation relating to the acquisition of Baines Simmons

Risk description	During the year ended 31 January 2016, Air Partner acquired Baines Simmons Limited. In the current year, management finalised the Baines Simmons acquisition accounting, in accordance with IFRS 3 (revised) Business Combinations. Goodwill is £1.7m (2016: £2.8m) and intangibles are £4.0m (2016: £2.7m). See note 33 where the finalised allocation has been disclosed. There is significant judgement required in the valuations of the goodwill and intangible assets and management has used a valuation expert to assist in this process. We have identified the finalisation of the purchase price allocation as the significant risk in the acquisition accounting. We have pinpointed the risk to management's finalisation of the purchase price allocation between cash-generating units (CGUs) and the related goodwill and intangible assets. The main assumptions used in allocating this between the CGUs are revenue growth, the allocation of overheads and the discount rate applied to each. The Group's accounting policy is included on page 89 of the notes to the financial statements. This is discussed by the Audit and Risk Committee on page 52.
How the scope of our audit responded to the risk	In order to address this risk: • we checked the accuracy of the schedules supporting the valuation of goodwill and intangible assets acquired • we challenged the inputs and assumptions listed above used in the valuation. This included involving internal specialists to benchmark the discount rate and challenge the methodology used • we also assessed the reasonableness of cash flow forecasts through comparison to historical results and other knowledge gained from our audit • we assessed whether the accounting journals posted in relation to the transaction were in accordance with IFRS 3 • we considered the competency of management's expert.
Key observations	From the work performed above, we concluded that the assumptions used in the allocations were appropriate.

Independent auditor's report to the members of Air Partner plc continued

5. Impairment of goodwill and intangible assets relating to the Baines Simmons consulting and training cash-generating unit (CGU)

Risk description	Management is required to test Group goodwill balances annually for impairment. The assessment of the carrying value of goodwill and intangibles involves judgement in relation to forecasting future cash flows and is sensitive to growth rates and the discount rate applied to future cash flows. Management has assessed the future cash flows of the cash generating unit and concluded that it is not impaired. We have considered the Company's forecast performance and pinpointed our risk specifically to the revenue and gross profit growth rates and discount rate applied within the Baines Simmons consulting and training CGU. As at 31 January 2017, goodwill and intangible assets relating to this CGU total £1.6m (2016: £3.2m). The Group's goodwill and intangible assets accounting policies are included on page 87 of the notes to the financial statements. This is discussed by the Audit and Risk Committee on page 52.
How the scope of our audit responded to the risk	In order to address this risk: • we checked the accuracy of the schedules supporting the cash flow model • we challenged the appropriateness of the key assumptions of cash flow growth, revenue and gross profit growth rates using historical performance, historical forecasting accuracy, knowledge of the business and sensitivity analysis • we challenged the discount factor used, using our internal specialists, to assess the appropriateness for this business, by comparison to external data and via sensitivity analysis • we also tested the completeness of direct and overhead costs via post-year end payment testing and the occurrence of revenue for 2017.
Key observations	From the work performed above, we concluded that the inputs and assumptions applied in the valuation model were appropriate.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Group materiality	£410,000 (2016: £285,000)
Basis for determining materiality	We used a combination of underlying profit before tax, gross profit and net assets to determine materiality. Our chosen materiality represents 8.1% (2016: 6.6%) of underlying profit before tax, 1.3% (2016: 1.0%) of gross profit and 2.7% (2016: 2.1%) of net assets.
Rationale for the benchmark applied	In determining our materiality benchmark we considered the performance indicators most applicable to the users of the financial statements, the nature of the business and comparative audit reports for listed entities. Gross profit and underlying profit before tax are the key measures used by analysts in presenting business performance to users of the financial statements. However, as profit-based measures do not fully represent the size of the balance sheet, we have also considered net assets in determining materiality. In making this determination, we considered the profit metrics of both the prior year and the current year because of the variation. Underlying profit is defined by management on page 91.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £20,500 (2016: £5,700), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, how the Group is organised, the consolidation process, the performance and financial position of each component as a proportion of the total for the Group and assessing the risks of material misstatement throughout the Group. Based on that assessment, we focused our Group audit scope primarily on the Group operations in the UK, France, the US and Germany.

The UK and France were subject to a full audit, while the US and Germany were subject to specified audit procedures including full audit procedures on significant risks. Our testing in the US and Germany was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations including an audit of account balances relating to the significant risks areas applicable to those locations.

The Group audit engagement team visited all overseas component audit teams as part of our oversight of their work. We visited each of the overseas locations set out above in order for a senior member of the Group audit engagement team to update our understanding of the operations, risks and control environments of each component as well as to review the component auditors' working papers. The Group audit engagement team performed the audit of the UK business and procedures on the US business without the involvement of a component team.

For all other locations, we have performed analytical review procedures at Group level. At the parent entity level we also tested the consolidation process. The changes in scope this year are that we performed:

- specified audit procedures on revenue and cost of sales for Baines Simmons Limited
- analytical review procedures for Italy, rather than specified audit procedures
- analytical review procedures for the newly acquired subsidiary Clockwork Research Limited.

The Group audit engagement team has obtained an understanding of the Group, including the consolidation process and Group-wide controls, to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances. The Group results are split as follows:

Gross profit **Statutory profit before tax** **New assets**

■ Full audit scope ■ Specified audit procedures ■ Analytical review procedures

The materiality used in each location where we performed an audit or specified audit procedures ranged from £213,000 to £340,000 (2016: £128,000 to £228,000).

Independent auditor's report to the members of Air Partner plc continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006
- 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
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit, or • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or • the Parent Company financial statements are not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.	**We have nothing to report arising from these matters.**
Corporate governance statement Under the Listing Rules we are also required to review part of the Corporate governance statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.	**We have nothing to report arising from our review.**
Our duty to read other information in the annual report Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited financial statements, or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed.	**We confirm that we have not identified any such inconsistencies or misleading statements.**

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements

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 Group's and the Parent 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.

Robert Knight FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

26 April 2017

Consolidated income statement

for the year ended 31 January 2017

Continuing operations	Note	Year ended 31 January 2017 Underlying* £'000	Other items £'000	Total £'000	Year ended 31 January 2016 Underlying* £'000	Other items £'000	Total £'000
Gross transaction value (GTV)	2	**215,829**	**–**	**215,829**	210,752	–	210,752
Revenue	3	**42,538**	**–**	**42,538**	49,942	–	49,942
Gross profit	4	**31,707**	**–**	**31,707**	27,269	–	27,269
Administrative expenses		**(26,593)**	**(709)**	**(27,302)**	(22,883)	(1,178)	(24,061)
Operating profit		**5,114**	**(709)**	**4,405**	4,386	(1,178)	3,208
Finance income	9	**39**	**–**	**39**	10	–	10
Finance expense	9	**(96)**	**–**	**(96)**	(81)	–	(81)
Profit before tax		**5,057**	**(709)**	**4,348**	4,315	(1,178)	3,137
Taxation	10	**(1,654)**	**153**	**(1,501)**	(1,311)	81	(1,230)
Profit for the year from continuing operations		**3,403**	**(556)**	**2,847**	3,004	(1,097)	1,907
Discontinued operations							
Profit for the year from discontinued operations	11	**–**	**–**	**–**	387	–	387
Profit for the year		**3,403**	**(556)**	**2,847**	3,391	(1,097)	2,294
Attributable to:							
Owners of the Parent Company		**3,403**	**(556)**	**2,847**	3,391	(1,097)	2,294
Earnings/(loss) per share:							
Continuing operations							
Basic	13	**6.5p**	**(1.1)p**	**5.4p**	5.9p	(2.2)p	3.7p
Diluted	13	**6.4p**	**(1.1)p**	**5.3p**	5.8p	(2.2)p	3.6p
Discontinued operations							
Basic	13	**–**	**–**	**–**	0.8p	–	0.8p
Diluted	13	**–**	**–**	**–**	0.8p	–	0.8p
Continuing and discontinued operations							
Basic	13	**6.5p**	**(1.1)p**	**5.4p**	6.7p	(2.2)p	4.5p
Diluted	13	**6.4p**	**(1.1)p**	**5.3p**	6.6p	(2.2)p	4.4p

*Before other items (see note 7)

Consolidated statement of comprehensive income

for the year ended 31 January 2017

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Profit for the year	**2,847**	2,294
Other comprehensive income – items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**346**	(29)
Total comprehensive income for the year	**3,193**	2,265
Attributable to:		
Owners of the Parent Company	**3,193**	2,265

Consolidated statement of changes in equity

for the year ended 31 January 2017

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2015	513	4,518	–	(1,051)	1,093	1,485	6,753	**13,311**
Profit for the year	–	–	–	–	–	–	2,294	**2,294**
Exchange differences on translation of foreign operations	–	–	–	–	(29)	–	–	**(29)**
Total comprehensive income for the year	–	–	–	–	(29)	–	2,294	**2,265**
Issue of shares	9	296	295	(300)	–	–	–	**300**
Share option movement in the year	–	–	–	–	–	223	–	**223**
Deferred tax on share-based payment transactions (note 26)	–	–	–	–	–	–	18	**18**
Share options exercised during the year	–	–	–	152	–	–	(84)	**68**
Dividends paid (note 12)	–	–	–	–	–	–	(2,331)	**(2,331)**
Closing equity as at 31 January 2016	522	4,814	295	(1,199)	1,064	1,708	6,650	**13,854**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2016	522	4,814	295	(1,199)	1,064	1,708	6,650	**13,854**
Profit for the year	–	–	–	–	–	–	2,847	**2,847**
Exchange differences on translation of foreign operations	–	–	–	–	346	–	–	**346**
Total comprehensive income for the year	–	–	–	–	346	–	2,847	**3,193**
Share option movement for the year	–	–	–	–	–	369	–	**369**
Issue of shares	–	(59)	59	60	–	(60)	–	**–**
Deferred tax on share-based payment transactions (note 26)	–	–	–	–	–	–	(66)	**(66)**
Share options exercised during the year	–	–	–	467	–	–	(286)	**181**
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	(23)	**(23)**
Dividends paid (note 12)	–	–	–	–	–	–	(2,574)	**(2,574)**
Closing equity as at 31 January 2017	522	4,755	354	(672)	1,410	2,017	6,548	**14,934**

Company statement of changes in equity

for the year ended 31 January 2017

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2015	513	4,518	–	(1,051)	1,485	4,549	**10,014**
Profit for the year	–	–	–	–	–	5,636	**5,636**
Total comprehensive income for the period	–	–	–	–	–	5,636	**5,636**
Issue of shares	9	296	295	(300)	–	–	**300**
Share option movement for the year	–	–	–	–	223	–	**223**
Deferred tax on share-based payment transactions (note 26)	–	–	–	–	–	18	**18**
Share options exercised during the year	–	–	–	152	–	(84)	**68**
Dividends paid (note 12)	–	–	–	–	–	(2,331)	**(2,331)**
Closing equity as at 31 January 2016	522	4,814	295	(1,199)	1,708	7,788	**13,928**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Opening equity as at 1 February 2016	522	4,814	295	(1,199)	1,708	7,788	**13,928**
Profit for the year	–	–	–	–	–	1,154	**1,154**
Total comprehensive income for the year	–	–	–	–	–	1,154	**1,154**
Issue of shares	–	(59)	59	60	(60)	–	**–**
Share option movement for the year	–	–	–	–	369	–	**369**
Deferred tax on share-based payment transactions (note 26)	–	–	–	–	–	(37)	**(37)**
Share options exercised during the year	–	–	–	467	–	(320)	**147**
Dividends paid (note 12)	–	–	–	–	–	(2,574)	**(2,574)**
Closing equity as at 31 January 2017	522	4,755	354	(672)	2,017	6,011	**12,987**

Merger reserve

The merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition partly made by the issue of shares.

Own shares

The own shares reserve represents the cost of shares in Air Partner plc purchased in the market and held by the Air Partner Employee Benefit Trust to satisfy options under the Group's share option schemes (see note 31).

Translation reserve

The translation reserve represents the accumulated exchange differences arising from the impact of the translation of subsidiaries with a functional currency other than pounds sterling.

Share option reserve

The share option reserve relates to the accumulated costs associated with the outstanding share options issued to staff but not exercised.

Consolidated statement of financial position
as at 31 January 2017

	Note	31 January 2017 £'000	31 January 2016 £'000
Assets			
Non-current assets			
Goodwill	14	**3,787**	3,346
Other intangible assets	15	**4,956**	5,038
Property, plant and equipment	16	**1,086**	1,281
Deferred tax assets	26	**533**	143
Total non-current assets		**10,362**	9,808
Current assets			
Trade and other receivables	18	**25,405**	23,708
Current tax assets		**506**	438
Restricted bank balances		***1,965***	*2,840*
Other cash and cash equivalents		***17,830***	*16,951*
Total cash and cash equivalents		**19,795**	19,791
Derivative financial instruments	24	**–**	36
Total current assets		**45,706**	43,973
Total assets		**56,068**	53,781
Current liabilities			
Trade and other payables	20	**(4,359)**	(3,911)
Current tax liabilities		**(1,071)**	(133)
Other liabilities	21	**(4,463)**	(5,633)
Borrowings	19	**(514)**	(514)
Deferred income		**(27,350)**	(25,807)
Provisions	23	**–**	(421)
Derivative financial instruments	24	**(9)**	–
Total current liabilities		**(37,766)**	(36,419)
Net current assets		**7,940**	7,554
Long-term liabilities			
Borrowings	19	**(2,443)**	(2,957)
Deferred consideration	22	**(200)**	–
Deferred tax liability	26	**(725)**	(551)
Total long-term liabilities		**(3,368)**	(3,508)
Total liabilities		**(41,134)**	(39,927)
Net assets		**14,934**	13,854
Equity			
Share capital	28	**522**	522
Share premium account	29	**4,755**	4,814
Merger reserve	30	**354**	295
Own shares reserve	31	**(672)**	(1,199)
Translation reserve		**1,410**	1,064
Share option reserve		**2,017**	1,708
Retained earnings		**6,548**	6,650
Total equity		**14,934**	13,854

These financial statements were approved and authorised for issue by the Board on 26 April 2017 and were signed on its behalf by:

M A Briffa Director

N J Morris Director

Company statement of financial position

as at 31 January 2017

	Note	31 January 2017 £'000	31 January 2016 £'000
Assets			
Non-current assets			
Intangible assets	15	1,039	992
Property, plant and equipment	16	726	897
Investments	17	9,350	8,587
Deferred tax assets	26	24	75
Total non-current assets		11,139	10,551
Current assets			
Trade and other receivables	18	13,539	15,483
Current tax assets		208	337
Restricted bank balances		*1,965*	*2,840*
Other cash and cash equivalents		*12,237*	*12,146*
Total cash and cash equivalents		14,202	14,986
Derivative financial instruments	24	–	36
Total current assets		27,949	30,842
Total assets		39,088	41,393
Current liabilities			
Trade and other payables	20	(1,677)	(1,462)
Current tax liabilities		(80)	–
Other liabilities	21	(5,170)	(5,460)
Borrowings	19	(514)	(514)
Deferred income		(16,008)	(16,906)
Provisions	23	–	(166)
Derivative financial instruments	24	(9)	–
Total current liabilities		(23,458)	(24,508)
Net current assets		4,491	6,334
Long-term liabilities			
Borrowings	19	(2,443)	(2,957)
Deferred consideration		(200)	–
Total long-term liabilities		(2,643)	(2,957)
Total liabilities		(26,101)	(27,465)
Net assets		12,987	13,928
Equity			
Share capital	28	522	513
Share premium account	29	4,755	4,518
Merger reserve	30	354	–
Own shares reserve	31	(672)	(1,051)
Share option reserve		2,017	1,485
Retained earnings		6,011	4,549
Total equity		12,987	10,014

These financial statements were approved and authorised for issue by the Board on 26 April 2017 and were signed on its behalf by:

M A Briffa Director **N J Morris** Director

Air Partner plc Registered no. 00980675

Consolidated and company statement of cash flows

for the year ended 31 January 2017

	Note	Group: Year ended 31 January 2017 £'000	Group: Year ended 31 January 2016 £'000	Company: Year ended 31 January 2017 £'000	Company: Year ended 31 January 2016 £'000
Net cash inflow from operating activities	34	**1,874**	5,785	**1,926**	387
Investing activities					
Continuing operations					
– Interest received		**39**	10	**34**	3
– Dividends received from subsidiaries		**–**	–	**–**	3,277
– Purchases of property, plant and equipment	16	**(96)**	(118)	**(53)**	(69)
– Purchases of intangible assets	15	**(173)**	(153)	**(173)**	(153)
– Acquisition of subsidiaries	32	**(362)**	(5,902)	**(469)**	(514)
Net cash generated (used in)/by investing activities		**(592)**	(6,163)	**(661)**	2,544
Financing activities					
Continuing operations					
– Dividends paid		**(2,574)**	(2,331)	**(2,574)**	(2,331)
– Proceeds on exercise of share options		**181**	68	**147**	68
– New bank loans raised		**–**	3,600	**–**	3,600
– Repayments of borrowings		**(514)**	(129)	**(514)**	(129)
Net cash (used in)/generated by financing activities		**(2,907)**	1,208	**(2,941)**	1,208
Net (decrease)/increase in cash and cash equivalents		**(1,625)**	830	**(1,676)**	4,139
Opening cash and cash equivalents		**19,791**	18,794	**14,986**	10,729
Effect of changes in foreign exchange rates		**1,629**	167	**892**	118
Closing cash and cash equivalents		**19,795**	19,791	**14,202**	14,986

JetCard cash

The closing cash and cash equivalents balance can be further analysed into 'JetCard cash' (being restricted and unrestricted cash received by the Group and Company in respect of its JetCard product) and 'non-JetCard cash' as follows:

	Group: 2017 £'000	Group: 2016 £'000	Company: 2017 £'000	Company: 2016 £'000
JetCard cash restricted in its use	**1,965**	2,840	**1,965**	2,840
JetCard cash unrestricted in its use	**13,901**	13,936	**10,568**	10,303
Total JetCard cash	**15,866**	16,776	**12,533**	13,143
Non-JetCard cash	**3,929**	3,015	**1,669**	1,843
Cash and cash equivalents	**19,795**	19,791	**14,202**	14,986

Notes to the financial statements

for the year ended 31 January 2017

1 General information

Air Partner plc ('the Company') is a company incorporated and domiciled in England and Wales under registration number 00980675. The address of the registered office is 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 1 to 39.

2 Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand. They are prepared on the historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value.

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

Adoption of new and revised standards

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

- IFRS 11 (amendments) Accounting for acquisitions of interest in Joint Operations; effective for periods beginning on or after 1 January 2016
- IAS 16 (amendments) Property, Plant and Equipment and IAS 38 Intangible Assets: Amendments regarding the clarification of acceptable methods of depreciation and amortisation; effective for periods beginning on or after 1 January 2016
- IAS 16 and IAS 41 (amendments) Property, Plant and Equipment: Amendments to bring bearer plants into the scope of IAS 16 rather than IAS 41; effective for periods beginning on or after 1 January 2016
- IAS 27 (amendments) Separate Financial Statements; Amendments reinstating the equity method; effective for periods beginning on or after 1 January 2016
- IAS 1 (amendments) Disclosure initiative; effective for periods beginning on or after 1 January 2016
- IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 28 Investment in associates; applying the consolidation exception for investment entities; effective for periods beginning on or after 1 January 2016.

Adoption of the above has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Annual Improvements 2012-2014 cycle

The Annual Improvements cycle provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights.

Adoption of the Annual Improvements 2012-2014 cycle has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

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

The following standards, amendments and interpretations to existing standards have been published – they are not mandatory for the current accounting period, and have not been early adopted by the Group:

- IAS 12 Income taxes: clarify recognition of deferred tax assets for unrealised losses; effective for periods beginning on or after 1 January 2017
- Annual Improvements to IFRS standards 2014-2016 cycle; effective for periods beginning on or after 1 January 2017
- IAS 7 Statement of cash flows: clarify disclosure requirements; effective for periods beginning on or after 1 January 2017
- IFRS 9 (2014) Financial Instruments; effective for periods beginning on or after 1 January 2018
- IFRS 2 Share-based payment: classification and measurement of share-based payment transactions; effective for periods beginning on or after 1 January 2018
- IAS 40 Investment Property: transfers of investment property; effective for periods beginning on or after 1 January 2018
- IFRS 16 Leases; effective for periods beginning on or after 1 January 2019
- IFRS 15 Revenue from Contracts with Customers; effective for periods beginning on or after 1 January 2018.

2 Accounting policies continued

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the directors, will have a material effect on the reported income or net assets of the Group or Company.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

c) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if these are also affected.

Impairment of goodwill

Management conducts annual impairment reviews of the carrying value of goodwill in relation to acquired subsidiaries.

Accruals related to air charter contracts

When revenues and costs for air charter contracts are initially recognised, estimates may need to be made in order to accrue items of income and expenditure that have not been invoiced but are expected to crystallise. These estimates may not reflect the ultimate outcome.

Valuation of acquisition goodwill and intangibles

An intangible resource acquired with a subsidiary undertaking is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, and it is expected to generate future economic benefits and its fair value can be measured reliably. The identification of intangible assets acquired as part of business combinations requires judgement. For each business combination the balance of goodwill to other intangible assets is reviewed for appropriateness. Acquired intangible assets, comprising brands, customer relationships, other mandates and training materials, are amortised through the Consolidated income statement on a straight-line basis over their estimated economic lives of between one and 20 years. Significant judgement is required in determining the fair value and economic lives of acquired intangible assets. External valuations are obtained for significant acquisitions. Details of the intangible assets recognised on acquisition during the year are disclosed in note 32.

d) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 1 to 39. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 1 to 39. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital risk; details of its financial instruments and hedging activities; and its exposures to interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Group has considerable cash resources and little debt. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Notes to the financial statements continued
for the year ended 31 January 2017

2 Accounting policies continued

e) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

f) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill denominated in currencies other than sterling is revalued at the rate of exchange ruling at balance sheet date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

g) Intangible assets

Internally generated assets

Internally generated intangible assets developed by the Group are recognised only if all of the following conditions are met:

- an asset is created that can be identified
- it is probable that the asset created will generate future economic benefits
- the development cost of the asset can be measured reliably.

Other research expenditure is written off in the period in which it is incurred.

Amortisation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives, which in the case of software is 10%-20% per annum on a straight-line basis. The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

2 Accounting policies continued

Other intangible assets

Intangible assets arising on acquisition are stated at fair value less accumulated amortisation and any impairment losses. Amortisation of the carrying value of intangible assets arising on acquisition is charged to the income statement over the estimated useful life, which is as follows:

Brands	10% per annum on a straight-line basis
Mandates/order book	100% per annum
Customer relationships	5%-16.7% per annum on a straight-line basis
Training materials	10% per annum on a straight-line basis

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is charged to the income statement so as to write off the cost of assets less their residual values over their estimated useful lives, as follows:

Short leasehold property	over the life of the lease on a straight-line basis
Leasehold improvements	over the life of the lease on a straight-line basis
Fixtures and equipment	10%-33% per annum on a straight-line basis
Motor vehicles	25% reducing balance

i) Impairment of tangible and intangible assets excluding goodwill

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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

j) Assets in disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale only if they are available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

2 Accounting policies continued

k) Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets held at fair value through profit or loss which are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial assets at fair value through profit or loss comprise derivative financial instruments.

Derivative financial instruments

The Group enters into derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to foreign exchange rate risk. Derivatives not designated into an effective hedge relationship are classified as a financial asset or a financial liability. The Group has not designated any derivatives as hedging items and therefore does not apply hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months at the end of the reporting period. These are classified as non-current assets. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The Group's loans and receivables comprise trade receivables, other receivables, accrued income and cash and cash equivalents in the balance sheet.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables

Other receivables are other amounts contractually due from third parties, for example deposits receivable for leased assets.

Accrued income

Accrued income is revenue that has been contracted and recognised in accordance with the Group's accounting policies, but not yet invoiced.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

2 Accounting policies continued

Financial liabilities

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss, and at amortised cost. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months; otherwise, they are classified as non-current. Financial liabilities at fair value through profit or loss are initially recognised at fair value at the date the contract is entered into, and subsequently gains or losses arising from changes in their fair value are presented in the income statement within administrative expenses in the period in which they arise. The Group's financial liabilities at fair value through profit or loss comprise derivative financial instruments.

Financial liabilities at amortised cost

The Group's financial liabilities at amortised cost comprise trade payables, other payables, accrued costs and borrowings. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables

Other payables that are financial liabilities at amortised cost are certain customer deposits which are contractually refundable to customers on demand.

Accrued costs

Accrued costs are costs that have been contracted and recognised in accordance with the Group's accounting policies, but for which invoices have not yet been received or payments made, as applicable.

Borrowings

Borrowings consist of an interest-bearing bank loan which is recorded at fair value.

Offsetting financial instruments

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

Other items

The directors believe that the underlying profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The underlying profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to reported profit before tax are to exclude the following:

- restructuring costs
- significant and one-off impairment charges and provisions that distort underlying trading
- costs relating to strategy changes that are not considered normal operating costs of the underlying business
- acquisition costs
- amortisation of intangible assets recognised on acquisition
- acquisition consideration classified as an employee cost under IFRS 3 Business Combinations.

Notes to the financial statements continued
for the year ended 31 January 2017

2 Accounting policies continued

Equity instruments issued by the Group

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

l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

m) Revenue

Revenues are derived from aircraft chartering services, aircraft remarketing services, aircraft inspection services and the provision of training and safety consulting services. In line with IAS 18 Revenue, where a contract has been determined as principal, the full amount of the invoice is recognised as revenue. Where Air Partner is not acting as principal, revenue is recognised on an agency basis and only gross margin is reported as revenue. Revenue is measured as the fair value of the consideration received for the provision of goods and services to third-party customers and is stated exclusive of value added tax and is only recognised where there is a contractual right to receive consideration for work undertaken, the amount can be measured reliably and it is probable that future economic benefits will flow.

Aircraft chartering services

Amounts receivable in respect of aircraft chartering services are recognised as revenue when the economic benefits are deemed to have passed to the customer, which is generally the flight date. In instances where the Group is acting as agent, the net amount receivable by the Group is recognised as revenue. In instances where the Group is acting as principal, the full amount of the contract is recognised as revenue.

Aircraft remarketing services

Air Partner Remarketing's (formerly Cabot Aviation) principal activity is that of an aircraft remarketing broker. Fees earned in respect of these services are recognised when they become payable in accordance with the terms of the contract with the customer.

Aircraft inspection services

Aircraft registered with the Isle of Man Aircraft Registry, which is managed by Baines Simmons Limited, require an annual inspection. Amounts receivable in respect of such inspections are recognised as revenue once the aircraft has been inspected.

Provision of aviation-related training and safety consulting services

Baines Simmons Limited provides aviation-related specialist training and consultancy services. Revenue is recognised by reference to the stage of completion of the contract determined by the value of the services provided at balance sheet date as a proportion of the total value of the assignment. Amounts in respect of unbilled services provided to clients are recognised as revenue at balance sheet date.

n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for resource allocation and assessing performance of the operating segments, is considered to be the Board. The nature of the operating segments is set out in note 4.

o) Share-based payments

From time to time, the Group will grant options to employees to subscribe for ordinary shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using the Monte Carlo method and spread over the period during which employees become unconditionally entitled to the options, based on management's estimate of the number of options which will ultimately vest, adjusting at each reporting date for the effect of non-market based vesting conditions.

2 Accounting policies continued

p) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense in the period in which the employees render service. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

q) Taxation

The tax expense represents current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the reporting date.

r) Gross transaction value

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

s) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer all, or substantially all, of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income or expenditure from operating leases is recognised on a straight-line basis over the lease term.

t) Dividends

Final dividends on ordinary shares are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Dividends are recognised as a liability in the period in which they are approved.

3 Revenue

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

Continuing operations	2017 £'000	2016 £'000
Aircraft broking	**35,992**	47,289
Aircraft remarketing	**760**	273
Aircraft inspection	**1,469**	627
Safety consulting and training	**4,317**	1,753
	42,538	49,942

Included in revenue arising from the UK is revenue of approximately £8,375,000 (2016: £21,963,000) which arose from sales to the Group's largest customer (2016: two largest customers). No other single customer contributed more than 10% to the Group's revenue in 2017 or 2016.

Notes to the financial statements continued
for the year ended 31 January 2017

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

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

Sales transactions between operating segments are carried out on an arm's length basis. All results, assets and liabilities reviewed by the Board (which is the chief operating decision maker) are prepared on a basis consistent with those that are reported in the financial statements.

The Board does not review revenue, assets and liabilities at segmental level, therefore these items are not disclosed.

The segmental information, as provided to the Board on a monthly basis, is as follows:

Year ended 31 January 2017 Continuing operations	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	Total £'000
Segmental gross profit	14,704	10,236	1,113	5,654	–	31,707
Depreciation and amortisation	(249)	(162)	–	(62)	–	(473)
Underlying operating profit	3,848	2,491	233	527	(1,985)	5,114
Other items (see note 7)	(182)	–	–	(399)	(128)	(709)
Segment result	3,666	2,491	233	128	(2,113)	4,405
Finance income						39
Finance expense						(96)
Profit before tax						4,348
Tax						(1,501)
Profit for the year						2,847

Year ended 31 January 2016 Continuing operations	Commercial Jets £'000	Private Jets £'000	Freight £'000	Consulting & Training £'000	Corporate costs £'000	Total £'000
Segmental gross profit	14,005	9,361	1,857	2,046	–	27,269
Depreciation and amortisation	(339)	(186)	–	(6)	–	(531)
Impairment losses	(361)	–	–	(29)	–	(390)
Underlying operating profit	2,952	2,387	767	(99)	(1,621)	4,386
Other items (see note 7)	(436)	(261)	(44)	(437)	–	(1,178)
Segment result	2,516	2,126	723	(536)	(1,621)	3,208
Finance income						10
Finance expense						(81)
Profit before tax						3,137
Tax						(1,230)
Profit after tax						1,907
Discontinued operations						387
Profit for the year						2,294

The Company is domiciled in the UK but due to the nature of the Group's operations, a significant amount of gross profit is derived from overseas countries. The Group reviews gross profit based upon location of the assets used to generate that gross profit. Apart from the UK, no single country is deemed to have material non-current asset levels other than goodwill in relation to the French operation of £956,000.

4 Segmental analysis continued

The Board also reviews information on a geographical basis based on parts of the world which are considered to be key to operational activities. As a result, the following additional information is provided showing a geographical split of the UK, Europe, the US and the Rest of the World:

Continuing operations	UK £'000	Europe £'000	US £'000	Rest of the World £'000	Total £'000
Year ended 31 January 2017					
Gross profit	18,812	8,930	3,771	194	**31,707**
Non-current assets (excluding deferred tax assets)	8,696	1,090	39	4	**9,829**
Year ended 31 January 2016					
Gross profit	16,486	7,353	3,187	243	27,269
Non-current assets (excluding deferred tax assets)	8,616	995	48	6	9,665

Europe can be further analysed as:

Continuing operations	France £'000	Germany £'000	Italy £'000	Other £'000	Total £'000
Year ended 31 January 2017					
Gross profit	3,047	2,547	1,854	1,482	**8,930**
Year ended 31 January 2016					
Gross profit	2,730	2,306	1,491	826	7,353

5 Operating profit

Operating profit for the year has been arrived at after charging/(crediting) the following:

Continuing operations	2017 £'000	2016 £'000
Net foreign exchange loss/(gain)	**20**	(2)
Change in the fair value of derivative financial instruments	**45**	(186)
Depreciation of property, plant and equipment	**347**	304
Amortisation of intangible fixed assets – acquired	**305**	216
Amortisation of intangible fixed assets – other	**128**	225
Impairment of trade receivables	**34**	390
Operating lease rentals – land and buildings	**283**	494
Operating lease rentals – other	**66**	99
Staff costs (see note 8)	**18,453**	15,291

Notes to the financial statements continued
for the year ended 31 January 2017

6 Auditor's remuneration
Fees payable to the principal auditor and its network firms for audit and other services are disclosed below:

	2017 £'000	2016 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	143	146
Fees payable to the Company's auditor and its associates for the audit of subsidiaries pursuant to legislation (including that of countries and territories outside the UK)	65	51
Total audit fees	**208**	**197**

	2017 £'000	2016 £'000
Fees payable to the Company's auditor and its associates for other services to the Group:		
Tax services	–	22
Audit related assurance services	22	21
Other non-audit services	4	–
Total non-audit fees	**26**	43

7 Other items

Continuing operations	2017 £'000	2016 £'000
Restructuring costs	(183)	(419)
Amortisation of purchased intangibles	(304)	(242)
Acquisition costs	(128)	(419)
Non-cash acquisition related costs	(94)	(98)
	(709)	(1,178)
Tax effect of other items	153	81
Other items after taxation	(556)	(1,097)

Restructuring costs relate to changes to the management structure following the acquisitions made during the prior year.

8 Staff costs

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

Continuing operations	2017 Number	2016 Number
Operations	179	140
Administration	78	89
	257	229

The aggregate payroll costs comprised:

Continuing operations	2017 £'000	2016 £'000
Wages and salaries	15,537	12,730
Social security costs	2,219	1,956
Pension costs	506	480
Share-based payments	191	125
	18,453	15,291

The Group contributes to personal pension plans of certain employees and this cost is charged to the income statement in the period in which it is incurred.

Full disclosure of directors' emoluments, share options and directors' pension entitlements which form part of their remuneration packages, and their interests in the Company's share capital are disclosed in the Directors' remuneration report.

9 Finance income and expense

Continuing operations	2017 £'000	2016 £'000
Finance income		
Interest on bank deposits	39	10

Continuing operations	2017 £'000	2016 £'000
Finance expense		
Interest on loans and bank overdrafts	96	74
Unwinding of discount on provisions	–	7
	96	81

Notes to the financial statements continued
for the year ended 31 January 2017

10 Taxation

	Continuing operations		Discontinued operations		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Current tax:						
UK corporation tax	**528**	561	–	98	**528**	659
Foreign tax	**822**	488	–	–	**822**	488
Current tax adjustments in respect of prior years (UK)	**376**	12	–	–	**376**	12
Current tax adjustments in respect of prior years (Overseas)	**66**	333	–	–	**66**	333
	1,792	1,394	–	98	**1,792**	1,492
Deferred tax (see note 26)	**(291)**	(164)	–	–	**(291)**	(164)
Total tax	**1,501**	1,230	–	98	**1,501**	1,328
Of which:						
Tax on underlying profit	**1,654**	1,311	–	98	**1,654**	1,409
Tax on other items (see note 7)	**(153)**	(81)	–	–	**(153)**	(81)
	1,501	1,230	–	98	**1,501**	1,328

Corporation tax in the UK was calculated at 20% (2016: 20.16%) of the estimated assessable profit for the period. Taxation for other jurisdictions was calculated at the rates prevailing in the respective jurisdictions.

The charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	2017 £'000	2016 £'000
Profit from continuing operations before tax	**4,348**	3,163
Profit from discontinued operations before tax	–	485
Accounting profit before tax	**4,348**	3,648
Tax at the UK corporation tax rate of 20% (2016: 20.16%)	**870**	735
Effect of change to UK corporation tax rate (2016: 21% from 1 February 2015 to 31 March 2015)	**(41)**	(61)
Tax effect of items that are not recognised in determining taxable profit	**64**	205
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**212**	139
Current tax adjustments in respect of prior years	**442**	303
Deferred tax not recognised	**22**	7
Options deductions	**(68)**	–
Total tax charge	**1,501**	1,328

The UK corporation tax rate decreased from 21% to 20% from 1 April 2016. The impact on the tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced. A reduction to 19% effective from 1 April 2017 and to 17% on 1 April 2020 was substantively enacted on 16 October 2016 and the deferred tax balance has been adjusted to reflect this change (see note 26).

11 Discontinued operations

In March 2010, Air Partner Private Jets Limited was closed. A claim against the company was filed by former employees of that business on the grounds that contractual undertakings could no longer be fulfilled. The last date for the claims to be pursued was 16 March 2016. As no further actions have been taken by the claimants, the claims have lapsed. As a result, the provision was derecognised in the previous financial year.

	2017 £'000	2016 £'000
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Administrative expenses	–	485
Profit before tax	–	485
Taxation	–	(98)
Net profit attributable to discontinued operations	–	387

There were no cash flows attributable to discontinued operations in the year ended 31 January 2017 (2016: £nil).

12 Dividends

	2017 £'000	2016 £'000
Amounts recognised as distributions to owners of the Parent Company		
Final dividend for the year ended 31 January 2016 of 16.9 pence per share (Final dividend the year ended 31 January 2015 of 15.4 pence)	**1,741**	1,578
Interim dividend for the year ended 31 January 2017 of 8.03 pence per share (Interim dividend for the year ended 31 January 2016 of 7.33 pence)	**833**	753
	2,574	2,331

All dividends above were prior to the Company's shareholders approving a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017.

The directors propose a final dividend for the year ended 31 January 2017 of 3.6 pence per share, subject to shareholder approval at the Annual General Meeting to be held on 28 June 2017.

The Air Partner Employee Benefit Trust, which held 341,820 ordinary shares of 1p each at 31 January 2017 (2016: 159,236 ordinary shares of 5p each) representing 0.65% (2016: 1.6%) of the Company's issued share capital is not entitled to receive dividends. A further 413,640 ordinary shares of 1p each (2016: 100,910 ordinary shares of 5p each) shares are held by the Trust in a nominee capacity for two (2016: two) beneficiaries of the Trust.

Notes to the financial statements continued
for the year ended 31 January 2017

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

Continuing and discontinued operations	2017 £'000	2016 £'000
Earnings for the calculation of basic and diluted earnings per share		
Profit attributable to owners of the Parent Company	2,847	2,294
Adjustment to exclude other items	556	1,097
Underlying profit attributable to owners of the Parent Company	3,403	3,391

Number of shares	2017 Number	2016 Number
Weighted average number of ordinary shares for the calculation of basic earnings per share	52,361,659	50,606,225
Effect of dilutive potential ordinary shares: share options	1,133,083	275,720
Weighted average number of ordinary shares for the calculation of diluted earnings per share	53,494,742	50,881,945

From continuing operations	2017 £'000	2016 £'000
Earnings		
Profit attributable to owners of the Parent Company	2,847	2,294
Adjustment to exclude profit for the year from discontinued operations	–	(387)
Adjustment to exclude other items	556	1,097
Underlying earnings for the calculation of basic and diluted earnings per share	3,403	3,004

From discontinued operations	2017 £'000	2016 £'000
Earnings		
Earnings for the calculation of discontinued basic and diluted earnings per share	–	387

On 25 January 2017, the Company's shareholders approved a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017. As a result the prior year number of shares and EPS calculations have been restated to show comparable numbers.

The denominators used are the same as those above for both basic and diluted earnings per share from continuing and discontinued operations.

The calculation of underlying earnings per share (before other items) is included as the directors believe it provides a better understanding of the underlying performance of the Group. Other items are disclosed in note 7.

14 Goodwill

Group	£'000
Cost	
At 1 February 2015	**838**
Recognised on acquisition of subsidiaries	**2,498**
Foreign currency adjustments	**10**
At 31 January 2016	**3,346**
Recognised on acquisition of subsidiaries (note 32)	**333**
Foreign currency adjustments	**108**
At 31 January 2017	**3,787**
Provision for impairment	
At 1 February 2015, 31 January 2016 and 31 January 2017	–
Net book value	
At 31 January 2017	**3,787**
At 31 January 2016	**3,346**
At 1 February 2015	**838**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2017 £'000	2016 £'000
Air Partner International S.A.S.	**956**	848
Baines Simmons Limited (Consulting & Training)	**1,072**	1,072
Baines Simmons Limited (Managed Services)	**639**	639
Cabot Aviation Services Limited	**787**	787
Clockwork Research Limited	**333**	–
	3,787	3,346

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, the recoverable amount of the cash generating unit was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering a three-year period. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts was 2% (2016: 2%). The pre-tax rate used to discount the forecast cash flows ranged from 10.76%-13% (2016: 13%).

The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a material impairment of goodwill.

Notes to the financial statements continued

for the year ended 31 January 2017

15 Other intangible assets

Group	Brands £'000	Other mandates £'000	Customer relationships £'000	Training materials £'000	Software £'000	Total £'000
Cost						
At 1 February 2015	–	–	–	–	1,921	**1,921**
Additions	–	–	–	–	153	**153**
Acquired on acquisition of subsidiaries	158	171	3,540	414	–	**4,283**
At 31 January 2016	158	171	3,540	414	2,074	**6,357**
Additions	–	–	–	–	173	**173**
Acquired on acquisition of subsidiaries (note 32)	–	–	174	–	–	**174**
Foreign currency adjustments	–	–	–	–	4	**4**
At 31 January 2017	158	171	3,714	414	2,251	**6,708**
Amortisation and impairment						
At 1 February 2015	–	–	–	–	855	**855**
Charge for the year	7	123	91	19	225	**465**
Foreign currency adjustments	–	–	–	–	(1)	**(1)**
At 31 January 2016	7	123	91	19	1,079	**1,319**
Charge for the year	16	47	200	42	128	**433**
At 31 January 2017	23	170	291	61	1,207	**1,752**
Net book value						
At 31 January 2017	135	1	3,423	353	1,044	**4,956**
At 31 January 2016	151	48	3,449	395	995	**5,038**
At 1 February 2015	–	–	–	–	1,066	**1,066**

Customer relationships have a remaining amortisation period of between 2.9 years and 18.5 years.

Company	Software £'000
Cost	
At 1 February 2015	**1,905**
Additions	**153**
At 31 January 2016	**2,058**
Additions	**173**
At 31 January 2017	**2,231**
Amortisation and impairment	
At 1 February 2015	**842**
Charge for the year	**224**
At 31 January 2016	**1,066**
Charge for the year	**126**
At 31 January 2017	**1,192**
Net book value	
At 31 January 2017	**1,039**
At 31 January 2016	**992**
At 1 February 2015	**1,063**

Other intangible assets comprise software and assets acquired on acquisitions including training materials, customer relationships, mandates to remarket aircraft and brands.

16 Property, plant and equipment

Group	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 February 2015	769	2,427	–	3,196
Additions	47	34	37	118
Acquired on acquisition of subsidiaries	40	151	–	191
Foreign currency adjustments	2	3	–	5
At 31 January 2016	858	2,615	37	3,510
Additions	–	77	19	96
Acquired on acquisition of subsidiaries (note 32)	–	5	30	35
Foreign currency adjustments	12	45	–	57
At 31 January 2017	870	2,742	86	3,698
Depreciation and impairment				
At 1 February 2015	242	1,681	–	1,923
Charge for the year	92	210	2	304
Foreign currency adjustments	1	1	–	2
At 31 January 2016	335	1,892	2	2,229
Charge for the year	94	242	11	347
Foreign currency adjustments	4	32	–	36
At 31 January 2017	433	2,166	13	2,612
Net book value				
At 31 January 2017	437	576	73	1,086
At 31 January 2016	523	723	35	1,281
At 1 February 2015	527	746	–	1,273

Notes to the financial statements continued

for the year ended 31 January 2017

16 Property, plant and equipment continued

Company	Short leasehold property and leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 February 2015	714	1,524	–	**2,238**
Additions	20	12	37	**69**
At 31 January 2016	734	1,536	37	**2,307**
Additions	–	34	19	**53**
At 31 January 2017	734	1,570	56	**2,360**
Depreciation				
At 1 February 2015	231	975	–	**1,206**
Charge for the year	72	130	2	**204**
At 31 January 2016	303	1,105	2	**1,410**
Charge for the year	72	141	11	**224**
At 31 January 2017	375	1,246	13	**1,634**
Net book value				
At 31 January 2017	359	324	43	**726**
At 31 January 2016	431	431	35	**897**
At 1 February 2015	483	549	–	**1,032**

17 Investments

Company	Investments in shares of subsidiaries £'000	Capital contributions to subsidiaries £'000	Total £'000
Cost			
At 1 February 2015	1,179	1,582	**2,761**
Additions	814	5,650	**6,464**
Additions – Group share-based payments	–	98	**98**
At 31 January 2016	1,993	7,330	**9,323**
Additions	669	–	**669**
Additions – Group share-based payments	–	94	**94**
At 31 January 2017	2,662	7,424	**10,086**
Amounts provided			
At 31 January 2016 and 31 January 2017	101	635	**736**
Net book value			
At 31 January 2017	2,561	6,789	**9,350**
At 31 January 2016	1,892	6,695	**8,587**
At 1 February 2015	1,078	947	**2,025**

In the year ended 31 January 2016, Air Partner plc made a capital contribution of £5,650,000 to Air Partner Consulting Limited for the purchase of Baines Simmons Limited.

The Company tests its investments for impairment if there are indications that the investments may be impaired. The recoverable amount of each investment was measured on the basis of its value in use, by applying cash flow projections based on the financial forecasts covering a three-year period. The key assumptions for the value in use calculation for each subsidiary were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The estimated growth rates were based on past performance and expectation of future changes in the market. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts was 2% (2016: 2%). The pre-tax rate used to discount the forecast cash flows was 13% (2016: 13%). The directors do not believe that there are any reasonably possible changes to the key assumptions that would result in a further impairment of the Company's investments.

Notes to the financial statements continued
for the year ended 31 January 2017

17 Investments continued
The following is a list of the subsidiaries of which Air Partner plc, incorporated in England and Wales, is the beneficial owner:

Name	Principal activity	Country of incorporation	Company number	Company address
Air Partner International S.A.S.	Air charter broking	France	B398335489	A
Air Partner International GmbH	Air charter broking	Germany	HRB 28279	B
Air Partner, Inc.	Air charter broking	US	65-0770487	C
Air Partner (Switzerland) AG	Air charter broking	Switzerland	CH-020.3.022.925.4	D
Air Partner Travel Management Company Limited	Travel agency	England and Wales	03767092	E
Air Partner Srl	Air charter broking	Italy	MI-1811083	F
Air Partner Havacilik ve Tasimacilik Limited Sirketi	Air charter broking	Turkey	720099	G
Cabot Aviation Services Limited	Aircraft remarketing	England and Wales	03874833	E
Air Partner Consulting Limited	Holding company	England and Wales	02070950	E
Baines Simmons Limited	Aviation safety consultants	England and Wales	04295495	E
Aviation Compliance Limited	Aviation safety consultants	England and Wales	06545827	E
Clockwork Research Limited	Aviation safety consultants	England and Wales	05477740	E
Air Partner Jet Charter and Sales Private Limited	Dormant	India	U63000DL2012FTC234664	H
Business Jets Limited	Dormant	England and Wales	04146214	E
Air Partner Group Limited	Dormant	England and Wales	03685545	E
Air Partner Investments Limited	Dormant	England and Wales	06727735	E
Air Partner Enclave Limited	Dormant	England and Wales	06671502	E
Air Partner Nordic	Air Charter Broking	Sweden	556724-5369	I

All of the above are 100% owned by Air Partner plc, except for Air Partner Havacilik ve Tasimacilik Limited Sirketi where 40% is held by a subsidiary undertaking, and Air Partner Jet Charter and Sales Private Limited which is 99.99% held by one subsidiary company and 0.01% held by another subsidiary company. Air Partner plc's holdings are in the ordinary share capital of all the subsidiaries and there are no other classes of shares.

Registered company addresses are as follows:

A 89 Rue du Faubourg, Saint-Honoré, 75008 Paris, France
B Technologiepark, HS 56, Friedrich-Ebert-Str. 75, 51429 Bergisch Gladbach, Germany
C 1100 Lee Wagener Blvd, Suite 328, Fort Lauderdale, FL 33315, US
D Postfach 8722, 8036 Zurich, Switzerland
E 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA, UK
F Via Valtellina 67, 20159 Milano, Italy
G Yenibosna Merkez mah. Degirmenbahce cad. Istwest Konutları No:17 A1B Blok D:23 Istanbul, Turkey
H Maulseri House, 7, Kapashera Estate, New Delhi-110037, India
I Cerid Redovisningsbyra AB, Svanegatan 10, 22224 Lund, Skane, Malmö, Sweden

In the opinion of the directors, the recoverable amount of the Company's subsidiary undertakings is considered to be in excess of the carrying value.

18 Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Gross trade receivables	**19,189**	16,318	**7,263**	8,558
Allowance for bad and doubtful debts	**(322)**	(809)	**–**	(135)
Trade receivables	**18,867**	15,509	**7,263**	8,423
Amounts owed by Group undertakings	**–**	–	**3,498**	1,505
Social security and other taxes	**1,045**	1,018	**699**	726
Other receivables	**278**	172	**69**	49
Prepayments and accrued income	**5,215**	7,009	**2,010**	4,780
	25,405	23,708	**13,539**	15,483

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

All trade and other receivables have been reviewed for indicators of impairment. The movement in impaired receivables in the year is shown below:

	Group £'000	*Company* £'000
At 31 January 2015	**385**	**128**
Acquired on acquisition	**61**	**–**
Charge for the year	**390**	**–**
Receivables written off during the year	**(60)**	**(10)**
Foreign currency adjustments	**33**	**17**
At 31 January 2016	**809**	**135**
Charge for the year	**34**	**(2)**
Receivables written off during the year	**(580)**	**(133)**
Foreign currency adjustments	**59**	**–**
At 31 January 2017	**322**	**–**

Of the amounts impaired during the period, £34,000 (2016: £386,000) was for an amount past due by less than one year with the remainder being all overdue by more than one year.

In addition, some of the unimpaired trade receivables were past due at the reporting date. The ageing of financial assets was as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Neither past due nor impaired	**11,361**	10,346	**4,773**	5,803
Ageing of past due but not impaired:				
– By not more than 3 months	**6,598**	4,459	**2,087**	2,431
– By more than 3 months but not more than 6 months	**701**	146	**229**	(32)
– By more than 6 months but not more than 1 year	**83**	227	**6**	3
– By more than 1 year	**124**	331	**168**	218
	18,867	15,509	**7,263**	8,423

Notes to the financial statements continued
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19 Borrowings

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Secured bank loans	**2,957**	3,471	**2,957**	3,471

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amount due for settlement within 12 months	**514**	514	**514**	514
Amount due for settlement after 12 months	**2,443**	2,957	**2,443**	2,957
	2,957	3,471	**2,957**	3,471

All borrowings are in sterling.

The Group's borrowings consists of a bank loan of £2.96m (2016: £3.47m) from the Company bankers. The loan was taken out on 12 August 2016. Repayments commenced on 12 November 2016 and will continue until 12 August 2020. The loan is secured by a floating charge over the Company's assets. The loan carries interest at 2.5% above LIBOR.

Subsequent to the balance sheet date, the secured bank loan of £2.96m was refinanced using a new revolving credit facility provided by the Group's main banker. The facility is for £7.5m, expiring in February 2020, and carries an interest rate of 2.5% above LIBOR.

20 Trade and other payables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	**3,601**	3,182	**1,473**	1,333
Other taxation and social security payable	**758**	729	**204**	129
	4,359	3,911	**1,677**	1,462

The directors consider that the carrying amount of trade and other payables approximates their fair value.

21 Other liabilities

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accruals	**3,662**	4,980	**1,548**	2,772
Other liabilities	**801**	653	**51**	–
Amounts owed to Group undertakings	**–**	–	**3,571**	2,688
	4,463	5,633	**5,170**	5,460

The directors consider that the carrying amount of other liabilities approximates their fair value.

22 Other long-term liabilities

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred consideration in respect of Clockwork Research Limited (note 32)	**200**	–	**200**	–

23 Provisions

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Restructuring costs	**–**	421	**–**	166

	Group		Company	
	Restructuring £'000	Total £'000	Restructuring £'000	Total £'000
At 1 February 2016	421	**421**	166	**166**
Utilisation of provision	(421)	**(421)**	(166)	**(166)**
At 31 January 2017	–	**–**	–	**–**

A provision of £421,000 was created in the year ended 31 January 2016 in relation to the potential costs of reorganising the leadership team into the Operating Board and this was fully utilised during the year.

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24 Financial instruments
The objectives of the Group's treasury activities are to manage financial risk, minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, and to ensure that the working capital requirements fit the needs of the ongoing business.

The Group has various financial instruments such as cash, trade receivables, trade payables and borrowings that arise directly from its operations, along with forward currency contracts undertaken to minimise risk on future business.

a) Interest rate risk
The Group's policy is to manage interest rate risk and to maximise its return from its cash balances. The Group's main interest rate risk is related to variable rates on cash held at the bank. Certain cash balances are deposits on fixed interest terms, but are never lodged for more than three months to ensure that the Group does not suffer unduly from the risk of interest rate variation.

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash held at year end on fixed interest rates	**4,415**	4,290	**3,317**	2,156
Cash held at year end on variable interest rates	**15,380**	15,501	**10,885**	12,830
	19,795	19,791	**14,202**	14,986

The following table illustrates the sensitivity of cash held on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate range on which interest was receivable during the year was 0.0% to 1.0% (2016: 0.0% to 1.0%).

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Group	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash held at year end on variable interest rates	**154**	155	**(154)**	(155)

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Company	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash held at year end on variable interest rates	**109**	128	**(109)**	(128)

The Group is further exposed to interest rate risk due to variable interest owed on its borrowings, £2,957,000, linked to LIBOR.

The following table illustrates the sensitivity of borrowings on variable interest rates on profit before tax for the year to a reasonably possible change in interest rates, with effect from the beginning of the year. There was no additional impact on shareholders' equity. These changes are considered to be reasonably possible based on observation of current market conditions. The rate at which interest was payable during the year was 3.09% (2016: 3.09%).

	Effect on profit before tax			
	100 basis points increase		100 basis points decrease	
Group and Company	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Borrowings on variable interest rates	**30**	35	**(30)**	(35)

24 Financial instruments continued

b) Credit risk

The carrying amount of financial assets recognised at the reporting date, as summarised below, represents the Group's maximum exposure to credit risk:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents	**19,795**	19,791	**14,202**	14,986
Trade and other receivables	**20,035**	17,651	**7,488**	10,163
	39,830	37,442	**21,690**	25,149

The Group constantly monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to an external credit verification process.

The directors consider that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk to commercial customers, as credit risk is predominantly government based.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Refer to note 18 for details of impairment losses for financial instruments.

c) Liquidity risk

The Group faces liquidity risks in paying operators before a flight occurs or before payment is received from the client.
The Group aims to mitigate liquidity risk by, where possible, making payments to operators only once payment from the client has been received.

The Group manages cash within its operations and ensures that cash collection is efficiently managed. Any excess cash is placed on low-risk, short-term interest-bearing deposits or distributed to shareholders through dividends, although the Group retains enough working capital in the business to ensure that the business operations can run smoothly.

As at 31 January 2017, the Group and Company's financial liabilities had contractual maturities which are summarised below:

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
Group	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade and other payables	**23,386**	22,353	**257**	257	**2,443**	2,957	**–**	–
Derivative financial instruments	**9**	–	**–**	–	**–**	–	**–**	–
	23,395	22,353	**257**	257	**2,443**	2,957	**–**	–

	Current				Non-current			
	Within 6 months		6 to 12 months		1 to 5 years		More than 5 years	
Company	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade and other payables	**19,382**	17,353	**257**	257	**2,443**	2,957	**–**	–
Derivative financial instruments	**9**	–	**–**	–	**–**	–	**–**	–
	19,391	17,353	**257**	257	**2,443**	2,957	**–**	–

Notes to the financial statements continued
for the year ended 31 January 2017

24 Financial instruments continued
d) Foreign currency risk
The Group has invested in foreign operations outside the UK and also buys and sells goods and services denominated in currencies other than sterling. As a result the value of the Group's non-sterling revenue, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in US Dollar and Euro rates in particular. The Group's policy on foreign currency risk is not to enter into forward contracts until a firm contract has been signed.

The Group considers using derivatives where appropriate to hedge its exposure to fluctuations in foreign exchange rates. The purpose is to manage the currency risks arising from the Group operations. It is the Group's policy that no trading in financial instruments will be undertaken.

Foreign currency denominated financial assets and liabilities, translated into sterling at the closing rate, are as follows:

	2017 £'000				2016 £'000			
Group	Eur €	US $	GBP £	Other	Eur €	US $	GBP £	Other
Financial assets	19,231	5,213	14,593	793	15,628	4,714	16,825	275
Financial liabilities	(15,549)	(3,349)	(4,180)	(39)	(15,397)	(3,176)	(3,750)	(53)
Short-term exposure	3,682	1,864	10,413	754	231	1,538	13,075	222
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	(2,443)	–	–	–	(2,957)	–
Long-term exposure	–	–	(2,443)	–	–	–	(2,957)	–
	3,682	1,864	7,970	754	231	1,538	10,118	222

	2017 £'000				2016 £'000			
Company	Eur €	US $	GBP £	Other	Eur €	US $	GBP £	Other
Financial assets	8,468	2,404	19,185	801	10,027	2,058	14,176	395
Financial liabilities	(11,873)	(2,520)	(3,484)	(144)	(13,271)	(34)	(4,059)	(173)
Short-term exposure	(3,405)	(116)	15,701	657	(3,244)	2,024	10,117	222
Financial assets	–	–	–	–	–	–	–	–
Financial liabilities	–	–	(2,443)	–	–	–	(2,957)	–
Long-term exposure	–	–	(2,443)	–	–	–	(2,957)	–
	(3,405)	(116)	13,258	657	(3,244)	2,024	7,160	222

24 **Financial instruments** continued

d) Foreign currency risk continued

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the euro and US dollar exchange rates, with all other variables held constant, on profit before tax and equity. It assumes a 10% change of the sterling/euro exchange rate for the year ended 31 January 2017 (2016: 10%). A 10% change is also assumed for the sterling/US dollar exchange rate (2016: 10%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If sterling had strengthened against the euro and US dollar by 10% (2016: 10%) and 10% (2016: 10%) respectively, the impact would have been as follows:

	2017 £'000			2016 £'000		
Group	Eur €	US $	Total	Eur €	US $	Total
Financial assets	**(1,923)**	**(521)**	**(2,444)**	(1,563)	(471)	(2,034)
Financial liabilities	**1,555**	**335**	**1,890**	1,540	318	1,858
Effect on profit before tax	**(368)**	**(186)**	**(554)**	(23)	(153)	(176)

	2017			2016		
Company	Eur €	US $	Total	Eur €	US $	Total
Financial assets	**(847)**	**(240)**	**(1,087)**	(1,003)	(206)	(1,209)
Financial liabilities	**1,187**	**252**	**1,439**	1,327	3	1,330
Effect on profit before tax	**340**	**12**	**352**	324	(203)	121

If sterling had weakened against the euro and US dollar by 10% (2016: 10%) and 10% (2016: 10%) respectively, the impact would have been as follows:

	2017			2016		
Group	Eur €	US $	Total	Eur €	US $	Total
Financial assets	**1,923**	**521**	**2,444**	1,563	471	2,034
Financial liabilities	**(1,555)**	**(335)**	**(1,890)**	(1,540)	(318)	(1,858)
Effect on profit before tax	**368**	**186**	**554**	23	153	176

	2017			2016		
Company	Eur €	US $	Total	Eur €	US $	Total
Financial assets	**847**	**240**	**1,087**	1,003	206	1,209
Financial liabilities	**(1,187)**	**(252)**	**(1,439)**	(1,327)	(3)	(1,330)
Effect on profit before tax	**(340)**	**(12)**	**(352)**	(324)	203	(121)

Notes to the financial statements continued
for the year ended 31 January 2017

24 Financial instruments continued
e) Forward contracts
The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments, and any change in their fair value determined as the mark-to-market value at balance sheet date is recognised in the income statement. No derivatives qualified for hedge accounting during the year (2016: none).

At the reporting date, the total notional amount of outstanding forward foreign exchange contracts that the Group had committed are as below and their related fair value was as follows (terms not exceeding three months from 31 January 2017):

Group and Company	2017 £'000	2016 £'000
Forward foreign exchange contracts – notional amount	**682**	537
Financial (liability)/asset	**(9)**	36

Changes in the fair value of derivative financial instruments amounting to £45,000 have been charged to the income statement in the period (2016: credit of £186,000).

These derivative financial instruments are not traded in active markets. Their fair value has been determined by using valuation techniques which maximise the use of observable market data, namely the contract exchange rate and the bank's forward rate. The derivatives are therefore categorised as level 2 using the fair value hierarchy.

f) Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group's primary tool in managing risk is cash flow analysis. In addition to strategic cash flow management, the Group performs detailed weekly cash flow modelling.

The schedule of matters reserved for Board decision includes approval of any financial instruments or bank borrowings in excess of £2,000,000.

The capital structure of the Group consists of net debt (borrowings and other long-term liabilities disclosed in note 19 after deducting non-JetCard cash and bank balances) and equity of the Group (comprising issued capital, reserves, and retained earnings disclosed in notes 28 to 31).

The Group is not subject to any externally imposed capital requirements. The Group's gearing ratio at year end is as follows:

	2017 £'000	2016 £'000
Debt	**2,957**	3,471
Cash and cash equivalents	**3,929**	3,015
Net cash/(debt)	**972**	(456)
Equity	**14,934**	13,880
Net debt to equity ratio	**(6.51%)**	3.29%

Debt is defined as long- and short-term borrowings and other long-term liabilities as detailed in note 19.

Equity includes all share capital and reserves of the Group that are managed as capital.

24 Financial instruments continued

g) Financial assets by category

Group	2017 £'000	2016 £'000
Cash and bank balances	19,795	19,791
Financial assets held at fair value through profit or loss	–	36
Loans and receivables	20,985	17,651
Current assets which are not financial assets	4,926	6,495
Total current assets	45,706	43,973

Company	2017 £'000	2016 £'000
Cash and bank balances	14,202	14,986
Financial assets held at fair value through profit or loss	–	36
Loans and receivables	7,488	10,163
Current assets which are not financial assets	6,259	5,657
Total current assets	27,949	30,842

h) Financial liabilities by category

Group	2017 £'000	2016 £'000
Financial liabilities held at fair value through profit or loss	(9)	–
Financial liabilities measured at amortised cost	(7,577)	(8,676)
Current liabilities which are not financial liabilities	(30,180)	(27,743)
Total current liabilities	(37,766)	(36,419)

Company	2017 £'000	2016 £'000
Financial liabilities held at fair value through profit or loss	(9)	–
Financial liabilities measured at amortised cost	(6,906)	(7,307)
Current liabilities which are not financial liabilities	(16,543)	(17,201)
Total current liabilities	(23,458)	(24,508)

Group and Company	2017 £'000	2016 £'000
Financial liabilities measured at amortised cost	(2,643)	(2,957)
Total long-term liabilities	(2,643)	(2,957)

The directors consider that the carrying amount of the financial assets and liabilities approximates their fair value.

Notes to the financial statements continued
for the year ended 31 January 2017

25 Share-based payments
The Company operates a share option scheme under which options may be granted to certain staff of the Group to subscribe for ordinary shares in the Company. The scheme rules cover grants under an approved and an unapproved section of the scheme. The vesting period is three years. With certain exceptions, options are forfeited if an employee leaves the Group and outstanding options expire if they remain unexercised after a period of 6.8 to 10 years from the date of grant.

Details of the share options outstanding during the year are as follows:

	2017		2016	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding as at start of year	**785,060**	**301.7**	702,136	371.9
Outstanding as at start of year following 5:1 share split	**3,925,300**	**60.3**	–	–
Granted during the year	**918,290**	**0.0**	246,717	29.2
Forfeited/lapsed during the year	**(1,168,980)**	**74.9**	(133,793)	286.3
Exercised during the year	**(683,026)**	**30.4**	(30,000)	284.1
Outstanding at year end	**2,991,584**	**32.2**	785,060	301.7
Exercisable at year end	**1,187,044**	**105.4**	403,775	282.2

The weighted average remaining contractual life of share options outstanding at the year end was 4.83 years (2016: 4.14 years).

The exercise prices of share options outstanding at year end ranged from nil pence to 177 pence (2016: nil pence to 1,316 pence).

The total charge for the year relating to employee share-based payment plans was £493,000.

In the current year, options were granted on 29 June 2016. The estimated fair values of the options granted on those dates is £458,000. Inputs into the Monte Carlo model were as follows:

	29 June 2016 options
Weighted average share price	370p
Weighted average exercise price	0.0p
Expected volatility	43.76%
Expected life	3 years
Risk-free rate	0.12%
Expected dividend yields	6.48%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years.

26 Deferred tax

Deferred tax has been calculated at 17% (2016: 18%) in respect of UK companies and at the prevailing tax rates for the overseas subsidiaries. The following are the major deferred tax liabilities and assets recognised by the Group and the Company with movements thereon during the current and prior reporting periods.

Group	IFRS 3 intangibles £'000	Net accelerated tax depreciation £'000	Tax losses £'000	Share-based payment £'000	Other temporary differences £'000	Total £'000
At 1 February 2015	–	(84)	130	138	115	**299**
Arising on acquisition of subsidiaries	(857)	(30)	–	–	–	**(887)**
Exchange differences	–	(3)	–	–	19	**16**
Credit/(charge) to the income statement	132	63	(128)	–	79	**146**
Credit direct to equity	–	–	–	18	–	**18**
At 31 January 2016	(725)	(54)	2	156	213	**(408)**
Arising on acquisition of subsidiaries	(35)	–	–	–	–	**(35)**
Exchange differences	–	–	–	–	(40)	**(40)**
Credit/(charge) to the income statement	94	(23)	(2)	–	288	**357**
Credit direct to equity	–	–	–	(66)	–	**(66)**
At 31 January 2017	(666)	(77)	–	90	461	**(192)**

Company	Net accelerated tax depreciation £'000	Share-based payment £'000	Total £'000
At 1 February 2015	(93)	138	**45**
Charge to the income statement	12	–	**12**
Credit direct to equity	–	18	**18**
At 31 January 2016	(81)	156	**75**
Charge to the income statement	20	–	**20**
Charge direct to equity	–	(71)	**(71)**
At 31 January 2017	(61)	85	**24**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Deferred tax liabilities	**(725)**	(551)	**–**	–
Deferred tax assets	**533**	143	**24**	75
	(192)	(408)	**24**	75

At the balance sheet date, the Group had undistributed earnings in respect of overseas subsidiaries that would be subject to overseas withholding taxes on remission to the UK. No liability has been recognised in respect of these earnings because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At the balance sheet date, the Group had unused tax losses totalling £167,000 (2016: £232,000) for which no deferred tax asset was recognised, as it is not considered probable that there will be future taxable profits available.

27 Employee benefits

In the UK, the Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held in individual personal pension schemes which are fully transferable if the employee leaves the Company.

Similar schemes operate across the rest of the Group depending on local regulations and individual social contribution levels. The amount of expense related to such pension contributions is disclosed in note 8.

In other subsidiaries, the employees are members of state-managed retirement funds operated by respective governments, with contributions payable being a specified percentage of payroll costs. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. The total cost charged to income of £506,000 (2016: £480,000) represents contributions payable to these various schemes by the Group. As at the balance sheet date, £67,000 (2016: £129,000) was accrued in respect of such schemes.

28 Share capital

	2017 £'000	2016 £'000
Authorised		
75,000,000 ordinary shares of 1 pence each	**750**	–
15,000,000 ordinary shares of 5 pence each	–	750
Issued and fully paid		
52,217,565 ordinary shares of 1 pence each	**522**	–
10,443,513 ordinary shares of 5 pence each	–	522

On 25 January 2017, the Company's shareholders approved a 5 to 1 split of the Company's shares, which reduced the nominal value of the ordinary shares to 1 pence each. The share split became effective on 31 January 2017.

The Company has one class of ordinary shares which carries no right to fixed income and entitles holders to one vote per share at general meetings of the Company.

181,820 shares of 5 pence each were issued in the year ended 31 January 2016 as part of the acquisition consideration for Cabot Aviation Services Limited.

29 Share premium

	Group and Company £'000
Balance at 1 February 2016	**4,814**
Issue of shares	**(59)**
Balance at 31 January 2017	**4,755**

30 Merger reserve

	Group and Company £'000
Balance at 1 February 2016	295
Issue of shares	59
Balance at 31 January 2017	354

The merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued as part of the acquisition consideration for Cabot Aviation Services Limited.

31 Own shares reserve

	Group and Company £'000
Balance at 1 February 2016	(1,199)
Issue of shares	60
Disposed on exercise of options	467
Balance at 31 January 2017	(672)

The own shares reserve represents the cost of shares in Air Partner plc purchased in the market and held by the Air Partner Employee Benefit Trust, which was established to satisfy the future exercise of options under the Group's share options schemes (see note 25). The number of ordinary shares held by the Air Partner Employee Benefit Trust at 31 January 2017 was 341,820 ordinary shares of 1 pence each (2016: 159,236 ordinary shares of 5 pence each). A further 413,640 ordinary shares of 1 pence each (2016: 100,910 ordinary shares of 5 pence each) are held by the Trust in a nominee capacity for two beneficiaries (2016: two) of the Trust.

Notes to the financial statements continued

for the year ended 31 January 2017

32 Acquisition of subsidiaries

On 12 December 2016, Air Partner plc acquired 100% of the issued share capital of Clockwork Research Limited, obtaining control of the company on that date. Clockwork Research Limited is a leading fatigue risk management consultant. The acquisition of Clockwork Research Limited adds significant specialist consulting expertise and knowledge to the Group.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Clockwork Research Limited £'000
Fair values of assets acquired	
Financial assets	325
Property, plant and equipment	35
Intangible assets – customer relationships	174
Deferred tax on intangible assets	(35)
Financial liabilities	(163)
Goodwill	333
Total consideration	669
Satisfied by	
Cash	469
Deferred consideration	200
Total consideration	669

Net cash outflow arising on acquisition	
Cash consideration	469
Less cash and cash equivalents acquired	(107)
Net cash outflow	362

Deferred consideration of up to £200,000 is payable depending on earnings performance in the 12-month periods ending 31 March 2017 and 31 March 2018. The directors consider it likely that the performance conditions will be met and have therefore recognised the maximum amounts payable.

No goodwill is deductible for tax purposes.

Clockwork Research Limited

The goodwill of £333,000 arising from the acquisition is attributable to the value of the assembled workforce and the ability of the senior staff to generate future business.

Acquisition related costs (included in Other items) amounted to £55,000.

Clockwork Research Limited contributed revenue of £70,000 and losses after tax of £3,000 being the results for the period between the date of acquisition and 31 January 2017.

If the acquisition of Clockwork Research Limited had been completed on the first day of the financial year, Group revenues for the period would have been £43,000,000 and Group profit after tax would have been £2,955,000.

33 Prior year acquisitions

On 18 August 2015, Air Partner plc acquired 100% of the issued share capital of Baines Simmons Limited, obtaining control of the company on that date. Baines Simmons Limited is a leading aviation safety consultant. Baines Simmons Limited will enable Air Partner to extend the Group's service and product capabilities with offerings complementary to its existing charter business.

Contingent consideration of up to £600,000 is payable to the vendors of Baines Simmons Limited depending on the performance to 31 January 2018. As the directors do not consider it likely that the minimum performance threshold will be met, no amounts have been recognised in respect of this.

At 31 January 2016, the purchase price allocation was provisional: the accounting in respect of the acquisition of Baines Simmons Limited has since been finalised. This resulted in adjustment to the value of intangibles recognised on acquisition, an increase in customer relationships of £1.6m, and decreases in the value of the brand of £0.04m and training materials of £0.2m.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed on the acquisition of Baines Simmons Limited are set out in the table below.

	Baines Simmons Limited £'000
Fair values of assets acquired	
Financial assets	1,490
Property, plant and equipment	191
Intangible assets – brands	158
Intangible assets – customer relationships	3,448
Intangible assets – training materials	415
Deferred tax on intangible assets	(780)
Financial liabilities	(983)
	3,939
Goodwill	1,711
Total consideration	5,650
Satisfied by	
Cash	5,650

Net cash outflow arising on acquisition	
Cash consideration	5,650
Less cash and cash equivalents acquired	(350)
Net cash outflow	5,300

Notes to the financial statements continued
for the year ended 31 January 2017

34 Net cash inflow from operating activities

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Profit for the year				
Continuing operations	2,847	1,933	1,168	5,285
Discontinued operations	–	387	–	387
	2,847	2,320	1,168	5,672
Adjustments for:				
Dividends received	–	–	–	(3,277)
Finance income	(39)	(10)	(34)	(3)
Finance expense	96	81	–	28
Income tax	1,501	1,328	791	640
Depreciation and amortisation	780	745	350	428
Fair value movement on derivative financial instruments	45	(186)	45	(186)
Share option cost for period	369	223	369	223
Decrease in provisions	(421)	(91)	(166)	(312)
Foreign exchange differences	(938)	(140)	(892)	(118)
Operating cash flows before movements in working capital	4,240	4,270	1,631	3,095
Change in receivables	(481)	(1,377)	1,944	(3,193)
Change in payables	(867)	3,901	(1,067)	1,054
Cash generated from operations	3,009	6,794	2,508	956
Income taxes paid	(922)	(928)	(582)	(541)
Interest paid	(96)	(81)	–	(28)
Net cash inflow from operating activities	1,874	5,785	1,926	387

35 Operating lease arrangements

The Group as lessee	2017 Land and buildings £'000	2016 Land and buildings £'000	2017 Other £'000	2016 Other £'000	2017 Total £'000	2016 Total £'000
Minimum lease payments under operating leases recognised as costs for the period	454	494	68	99	522	593

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

The Group as lessee	2017 Land and buildings £'000	2016 Land and buildings £'000	2017 Other £'000	2016 Other £'000	2017 Total £'000	2016 Total £'000
Within one year	428	457	65	66	493	523
In the second to fifth year inclusive	1,565	1,411	135	108	1,700	1,519
After five years	–	119	–	5	–	124
	1,993	1,987	200	179	2,193	2,166

Operating lease payments represent rentals payable by the Group for certain office properties, motor vehicles and office equipment it uses. Leases are negotiated in isolation, dependent on the trading conditions in the country/region concerned.

Strategic report

36 Profit for the financial year

The Group financial statements do not include a separate income statement for Air Partner plc (the parent undertaking) as permitted by Section 408 of the Companies Act 2006. The Parent Company profit after tax for the financial year was £1,154,000 (2016: £5,636,000) including dividends from subsidiary companies of £nil (2016: £3,277,000). The Parent Company has no other items of comprehensive income.

37 Related party transactions

The Company had the following transactions with related parties in the ordinary course of business during the year under review.

Trading transactions	2017 £'000	2016 £'000
Subsidiaries		
Sales to subsidiaries	–	31
Purchases from subsidiaries	(23)	(33)
Amounts owed by subsidiaries at period end	3,498	1,505
Amounts owed to subsidiaries at period end	(3,571)	(2,688)

Outstanding balances that relate to trading balances are placed on inter-company accounts with no specific credit period.

Compensation of key management personnel (being the Board of directors)	2017 £'000	2016 £'000
Short-term employee benefits	985	871
Post-employment benefits	52	107
	1,037	978

In addition to the above amounts, key management personnel who were also shareholders received £10,000 of dividends in respect of their shareholdings in the year ended 31 January 2017 (2016: £11,000).

Board of directors' remuneration in accordance with Schedule 5 of the Accounting Regulations was as follows:

Aggregate directors' remuneration	2017 £'000	2016 £'000
Emoluments	863	871
Company contributions to money purchase pension contributions	52	107
	915	978

Two (2016: two) directors are members of money purchase pension schemes.

Further information about the remuneration of individual directors is provided in the audited part of the Directors' remuneration report on pages 60 to 63.

38 Contingent liabilities

The Group had issued the following guarantees at the year end.

Description	Currency	2017 £'000	2016 £'000
Dubai employee rights	Sterling	–	17

In addition, the Company's bankers hold a free and floating charge over the Company's assets. There is also contingent consideration of up to £600,000 payable to the vendors of Baines Simmons Limited depending on the performance to 31 January 2018.

Corporate governance

Financial statements

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