

**NetJets London Limited**

Directors' report and financial statements

Registered number 04585892

31 December 2014



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## **Directors' report**

The directors present their report and the audited financial statements of NetJets London Limited (the "Company") for the year ended 31 December 2014.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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

## **Principal activities**

The principal activity of the Company during the year was providing aircraft transportation facilities.

## **Results and future developments**

The company made a profit for the financial year of £34,679 (2013: loss of £596,965) which has been transferred to reserves.

Yearly results were impacted by the exchange rate gains the company registered during the year amounting to £45,145.

For 2015 we expect results of the business to continue in line with the results of 2014.

The financial statements have been restated this year to correct errors in the recognition of revenue relating to 2005-07. The impact of the restatement has been to increase reserves by £1,890,635 and to decrease debtors by £30,872 and creditors by £1,921,507. See note 15 for further details.

## **Post Balance Sheet Events**

On 9 July 2015, a deed of surrender was signed, effectively releasing NetJets London Limited from its obligations with regard to the lease agreement with Cranfield University for the use of land at Cranfield Airfield. In order to terminate the original lease agreement which had been signed in 2007, a charge of £5m is payable. £2m was paid on 9 July 2015 and a further £2m is payable on 9 July 2016, with the remaining £1m being due on 9 July 2017. The £5m settlement will be fully recharged, as incurred to fellow group company NetJets Transportes Aéreos, S.A. who will bear the cost.

## **Going Concern**

The Company provides air transportation facilities to associated group company NetJets Transportes Aéreos S.A. and recharges a rental charge relating to the cost of leasing land that the company is occupying.

## **Directors' report** *(continued)*

### **Going Concern** *(continued)*

Further, considering the Company's net current liabilities position of £1,079,296, a letter of support from the parent company, NetJets International Inc., has been received stating that it will make sufficient funding available to enable the company to continue to trade and meet its obligations as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

The directors have no reason to believe that NetJets International Inc will not be in a position to provide the support referred above and accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2013: £nil).

### **Political and charitable contributions**

The company made no political contributions or donations to UK charities during the year (2013: £nil).

### **Directors**

The directors who held office during the year and up to the date of signing these financial statements are as follows:

- M Wilson;
- M Eugene;
- W Noe (resigned 21 May 2015 and reappointed 24 June 2015).

### **Qualifying third party indemnity**

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of these financial statements.

## Directors' report (*continued*)

### Disclosure of information to auditors

The directors who held office at the date of these financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

M Wilson  
Director

14 January 2015  
Registered Office: 5 Young Street,  
Kensington,  
London,  
W8 5EH

## **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# ***Independent auditors' report to the members of NetJets London Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, NetJets London Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
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### **What we have audited**

The financial statements, included within the Directors' report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and Statement of total recognised gains and losses for the year then ended;
- the reconciliation of movements in shareholders' deficit for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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## **Opinion on other matter prescribed by the Companies Act 2006**

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

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

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

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## ***Independent auditors' report to the members of NetJets London Limited (continued)***

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

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

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

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#### **What an audit of financial statements involves**

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Stephen Pascoe (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
15 January 2016



## Profit and loss account

for the year ended 31 December 2014

	Note	2014 £	Restated 2013 £
<b>Turnover</b>		<b>540,074</b>	<b>510,511</b>
Administration expenses		(495,971)	(1,107,513)
<b>Operating profit/(loss)</b>	2	<b>44,103</b>	<b>(597,002)</b>
Other interest receivable and similar income	5	74	37
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>44,177</b>	<b>(596,965)</b>
Tax on profit/(loss) on ordinary activities	6	(9,498)	-
<b>Profit/(loss) for the financial year</b>		<b>34,679</b>	<b>(596,965)</b>

All the results above arose from continuing operations.

There is no difference between profit/(loss) on a historical cost basis and that shown in the profit and loss account.

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

For further details of the restatement, see note 15.

## Balance sheet

at 31 December 2014

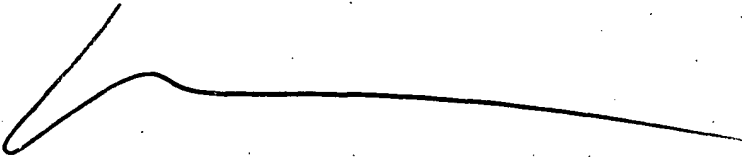
	Note	2014 £	Restated 2013 £
<b>Current Assets</b>			
Debtors	7	142,695	39,169
Cash at bank and in hand	8	<u>157,805</u>	<u>184,554</u>
		300,500	223,723
Creditors: amounts falling due within one year	9	(1,379,796)	(1,275,118)
<b>Net current liabilities</b>		<u>(1,079,296)</u>	<u>(1,051,395)</u>
<b>Total assets less current liabilities</b>		<u>(1,079,296)</u>	<u>(1,051,395)</u>
<b>Net liabilities</b>		<u>(1,079,296)</u>	<u>(1,051,395)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	<u>(1,079,297)</u>	<u>(1,051,396)</u>
Total shareholders' deficit		<u>(1,079,296)</u>	<u>(1,051,395)</u>

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

These financial statements on pages 7 to 18 were approved by the board of directors on 14 January 2016 and were signed on its behalf by:

For further details of the restatement, see note 15.

M Wilson  
Director



**Statement of total recognised gains and losses**  
*for the year ended 31 December 2014*

	2014 £	Restated 2013 £
Profit/(loss) for the financial year	34,679	(596,965)
Net exchange differences on the retranslation from functional to reporting currency	(62,580)	80,344
	<hr/>	<hr/>
<b>Total recognised losses relating to the financial year</b>	<b>(27,901)</b>	<b>(516,621)</b>
	<hr/>	<hr/>
Prior year adjustment (note 15)	1,929,913	
Net exchange differences on the retranslation of the prior year adjustment from functional to reporting currency	(39,278)	
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<b>Total gains and losses recognised since last financial statements</b>	<b>1,862,734</b>	
	<hr/>	

For further details of the restatement, see note 15.

**Reconciliation of movements in shareholders' deficit**  
*for the year ended 31 December 2014*

	2014 £	Restated 2013 £
Profit/(loss) for the financial year	34,679	(596,965)
Net exchange differences on the retranslation from functional to reporting currency	(62,580)	80,344
Net change to shareholders' deficit	<u>(27,901)</u>	<u>(516,621)</u>
<b>Opening shareholders' deficit</b>		(2,425,409)
Prior year adjustment (note 15)		1,929,913
Net exchange differences on the retranslation of the prior year adjustment from functional to reporting currency		(39,278)
Opening shareholders' deficit (as restated)	(1,051,395)	<u>(534,774)</u>
<b>Closing shareholders' deficit</b>	<u>(1,079,296)</u>	<u>(1,051,395)</u>

For further details of the restatement, see note 15.

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

## Notes to the Financial Statements

*(forming part of the financial statements for the year ended 31 December 2014)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### *Going concern*

The Company provides air transportation facilities to associated group company NetJets Transportes Aereos S.A. and recharges a rental charge relating to the cost of leasing land that the company is occupying.

Further, considering the Company's net current liabilities position of £1,079,296, a letter of support from the parent company, NetJets International Inc., has been received stating that it will make sufficient funding available to enable the company to continue to trade and meet its obligations as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

The directors have no reason to believe that NetJets International Inc will not be in a position to provide the support referred above and accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### *Cash flow statement*

Under Financial Reporting Standard ("FRS") 1 "Cash flow statements" the Company is exempt from the requirement to prepare a cash flow statement on the grounds that Berkshire Hathaway Inc. includes the Company in its own published financial statements.

#### *Functional (local) currency*

The company's functional currency, and the currency in which it maintains its accounting records is US dollars as this is the currency of the majority of the transactions. These financial statements are however presented in UK sterling. The profit and loss account is translated using the average rate for the year (1 US Dollar = 0.6073 GBP) and the balance sheet is translated using the year end rate (1 US Dollar = 0.6438 GBP), except equity which is translated at historical rate. Differences arising on the retranslation are accounted for as a reserve movement in the Company's balance sheet.

## Notes to the Financial Statements (*continued*)

### 1. Accounting policies (*continued*)

#### *Presentational currency*

The directors consider US dollars to be the functional currency of the business. The financial statements are however prepared in GBP in accordance with FRS23 "The Effects of Changes in Foreign Exchange Rates". In adopting FRS23, the Company also adopts the accounting policies of FRS26 "Financial Instruments: Recognition and Measurement" and FRS29 "Financial Instruments: Disclosures".

The Company has however taken advantage of the exemption available in respect of financial disclosures under FRS29 as it is a wholly-owned subsidiary of Berkshire Hathaway Inc.

#### *Foreign currencies*

Transactions in foreign currencies other than US Dollars are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the Company's functional currency using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Taxation*

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## Notes to the Financial Statements *(continued)*

### 1. Accounting policies *(continued)*

#### *Asset impairment*

Fixed assets are tested for impairment when an event that might affect asset values has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future cash flows from operating the assets.

#### *Related parties*

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" as it is a wholly-owned subsidiary of Berkshire Hathaway Inc. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the group headed by Berkshire Hathaway Inc.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of aircraft transportation facilities to related parties. The revenue is generated in the United Kingdom. All revenue is recognised at the time the service is provided.

#### *Restatement*

The comparative figures for the year ended 31 December 2013 have been restated to correct an error in the recognition of turnover relating to 2005-07. Details of the restatement are given in note 15.

### 2. Operating loss

	2014 £	2013 £
<i>Operating loss is stated after charging:</i>		
Services provided by the company's auditors:		
Fees payable for the audit	5,360	5,205
Hire of other assets – operating leases	534,946	521,537
Impairment of fixed assets	-	548,272
Net exchange (profit)/loss	<u>(45,145)</u>	<u>35,181</u>

In 2013 the company reassessed the scale of planned development for the Cranfield airfield site. As a result the company wrote off costs capitalised associated with the project which resulted in a loss of £548,272 being recognised in 2013.

## Notes to the Financial Statements *(continued)*

### 3. Staff numbers and costs

The company does not have employees (2013: *nil*). The business is staffed through use of other group companies' human resources with allocation of costs on the basis of a general & administrative cost sharing agreement.

### 4. Remuneration of directors

The directors did not receive remuneration from the Company during the year (2013: *£nil*) as their services provided to the Company are incidental to their duties to other group companies. No recharge is made in respect of these services.

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of these financial statements.

### 5. Other interest receivable and similar income

	2014 £	2013 £
<b>Bank interest</b>	<b>74</b>	<b>37</b>

### 6. Tax on loss on ordinary activities

Analysis of charge in the year

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on income for the year	9,498	-
<b>Total current tax</b>	<b>9,498</b>	<b>-</b>
<b>Total tax charge</b>	<b>9,498</b>	<b>-</b>

The current tax charge for the year is equal (2013: higher) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained below:



## Notes to the Financial Statements *(continued)*

### 6. Tax on loss on ordinary activities *(continued)*

#### *Current tax reconciliation*

	2014	2013
	£	£
Profit/(loss) on ordinary activities before taxation	44,177	(596,965)
Current tax at 21.50% (2013: 23.25%)	9,498	(138,794)
<i>Effects of:</i>		
Tax losses surrendered as group relief	-	138,794
<b>Total current tax charge (see above)</b>	<b>9,498</b>	<b>-</b>

During the year, the main rate of UK corporation tax was reduced from 23% to 21%. This was effective from 1 April 2014.

Further reductions to the main rate of corporation tax to 20% from 1 April 2015 have been included in Finance Act 2013. These rate reductions have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements.

### 7. Debtors

	2014	Restated 2013
	£	£
Amounts due from group undertakings	45,329	39,169
Prepayments and accrued income	97,366	-
	<b>142,695</b>	<b>39,169</b>

Amounts due from group undertakings are unsecured, interest free and repayable within 30 days.

For further details of the restatement, see note 15.

### 8. Cash at bank and in hand

	2014	2013
	£	£
Bank deposits	157,805	184,554

## Notes to the Financial Statements (*continued*)

### 9. Creditors: amounts falling due within one year

	2014 £	Restated 2013 £
Trade creditors	116,839	-
Amounts owed to group undertakings	1,242,443	1,053,839
Other creditors	20,514	221,279
	<u>1,379,796</u>	<u>1,275,118</u>

Amounts owed to group undertakings are unsecured, interest free and repayable within 30 days.

For further details of the restatement, see note 15.

### 10. Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
1 (2013: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

### 11. Profit and loss account

	2014 £
At 1 January 2014 (as previously stated)	(2,942,031)
Prior year adjustment (note 15)	1,929,913
Net exchange differences on the retranslation of the prior year adjustment from functional to reporting currency	(39,278)
At 1 January 2014 (as restated)	<u>(1,051,396)</u>
Profit for the financial year	34,679
Exchange adjustments	(62,580)
At the end of the year	<u>(1,079,297)</u>

For further details of the restatement, see note 15.

## Notes to the Financial Statements *(continued)*

### 12. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
In more than 5 years	<b>534,946</b>	<b>527,355</b>
	<b>534,946</b>	<b>527,355</b>

### 13. Post Balance Sheet Events

On 9 July 2015, a deed of surrender was signed, effectively releasing NetJets London Limited from its obligations with regard to the lease agreement with Cranfield University for the use of land at Cranfield Airfield. In order to terminate the original lease agreement which had been signed in 2007, a charge of £5m is payable. £2m was paid on 9 July 2015 and a further £2m is payable on 9 July 2016, with the remaining £1m being due on 9 July 2017. The £5m settlement will be fully recharged, as incurred to fellow group company NetJets Transportes Aéreos, S.A. who will bear the cost.

### 14. Ultimate parent company

The Company is a subsidiary undertaking of Berkshire Hathaway Inc, incorporated in the United States of America, which is the ultimate parent company and controlling party. The Company's immediate parent company is NetJets Management Limited, incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Berkshire Hathaway Inc. The consolidated financial statements of these groups are available to the public and may be obtained from Berkshire Hathaway Inc., 1440 Kiewit Plaza, Omaha NE 68131.

### 15. Restatement

These financial statements have been restated to correct errors in the recognition of revenue in the years 2005-07, increasing reserves with a corresponding reduction in debtors and creditors. The correction of these errors has also impacted net exchange differences on the retranslation from functional to reporting currency in the prior year.

The following changes have been made:

## Notes to the Financial Statements *(continued)*

### 15. Restatement *(continued)*

	As previously stated	Restatement	Restated
	2013		2013
	£	£	£
<b>Balance sheet</b>			
Debtors	70,041	(30,872)	39,169
Creditors: amounts falling due within one year	(3,196,625)	1,921,507	(1,275,118)
Profit and loss account reserves	(2,942,031)	1,890,635	(1,051,396)

(Note: the £1,890,635 Profit and loss account reserve restatement figure above represents the prior year adjustment of £1,929,913 less the associated net exchange differences on retranslation from functional to reporting currency of £39,278).