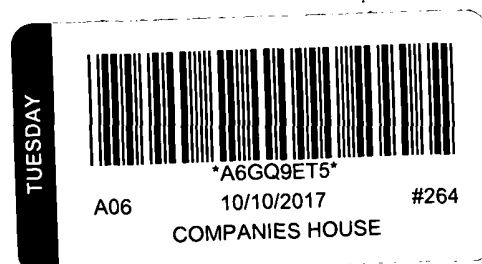


Flairjet Limited

Annual report and financial statements

For the year ended 31 December 2016

Registered number: 06528991



Flairjet Limited

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Flairjet Limited

Officers and professional advisers

Directors

K C Ricci
M A Rossi
R P Jones

Registered Office

Business Aviation Centre
Terminal Road
Birmingham
England
B26 3QN

Bankers

Barclays Bank Plc
Cambridge Benet Street
Leicestershire
Leicester
LE87 2BB

Solicitors

Debra Perelman
General Counsel
One Sky Flight, LLC
Cleveland
United States
OH 44143

Independent auditor

Deloitte LLP
Statutory Auditor
Park House
Crawley Business Quarter
Manor Royal
Crawley
RH10 9AD

Flairjet Limited

Strategic report

The directors of Flairjet Limited (the “company”) present their Report and Financial Statements containing a strategic report, directors’ report and the financial statements for the year ended 31 December 2016.

Principal activities

The company’s principal activities are the management and charter of business jet aircraft. The directors expect these activities to continue for the foreseeable future.

Review of the business

Statement of income

The company made a loss for the financial year, before taxation, of £958,388 (2015: loss before tax of £1,331,623). The performance in the year reflects the impact of the acquisition of Flairjet Ltd mid-way through the year, the subsequent activity to ‘right size and right shape’ the business, the expansion in core activities and tough market competition experienced during the year. Significant measures were taken in 2016 to improve the ongoing commercial, operational, financial and strategic planning position of the business. The business plans for the year ending 31 December 2017 target an increase in aircraft to capture previously unavailable business, an improvement in commercial and operational capability and a relative reduction in the company’s cost base.

The aircraft management and charter industry remains highly competitive, presenting challenges in obtaining high margin charter orders and winning advantageous new managed aircraft contracts. Despite these pressures the company continued operating successfully throughout 2016. The business generated an increase in flying hours, on managed aircraft. This offset the lower flying hours achieved on Group Owned Aircraft, Citation XLS. Overall revenue decreased by 47.63%, from £4,426,909 for the year ended 31 December 2015 to £2,318,487 in the current year, reflecting the increase in Managed Aircraft hours and reduced Group Owned Aircraft hours where margins are not as significant.

Gross margin remained broadly in line with the previous year, decreasing by 2.69% due to similar levels of competition in the market. There was a decrease of £834,958 in and an eventual loss before tax as a percentage of sales increase to (41.34)% from (30.08)%.

2016 saw the change of ownership from Marshalls of Cambridge (Holdings) Limited to Flexjet Limited. As a result, there were 5 resignations from the Board of Directors and the Company Secretary resigned. There were 3 new directors appointed.

Further growth in the size of the fleet under the company’s management will be critical to improving the overall financial performance of the company going forward and appropriate business plans under the new directors are in place to support this growth.

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. An evaluation of the potential impact of market factors is undertaken regularly by management so that the company can respond appropriately.

Statement of financial position

Despite the loss reported in the year, the company continues to have access to sufficient working capital to allow it to trade effectively for the foreseeable future through the continued support of the ultimate parent undertaking, Flexjet Limited. Total assets less liabilities have increased in the year by £1,891,805 to net assets of £49,218 (2015: net liabilities of £1,842,587). At the time of the sale of the company the former owner waived its outstanding loan and this has been reflected as parent company investment in the Statement of Change in Equity.

Flairjet Limited

Strategic report (continued)

Analysis of financial key performance indicators

The company measures its performance on several key performance indicators, including revenue, gross margin, fleet size and flying hours as discussed below:

	2016	2015	Change
Financial			
Turnover	£2,318,487	£4,426,909	-47.63%
Gross margin	16.21%	18.90%	-2.69%
Profit / Loss before tax on sales	-41.34%	-30.08%	-11.26%
Working Capital Ratio	0.50	0.53	-0.03
Non-Financial			
Average Fleet Size			
Group Owned Aircraft	1	2	-1
Managed Aircraft	3	5	-2
Private Managed Aircraft	3	-	3
Total	7	7	-
Flying Hours			
Group Owned Aircraft	265	714	-449
Managed Aircraft	1,590	1,446	144
Total	1,855	2,160	-305
Av. Employees			
Office	15	12	3
Flight Staff	10	13	-3
Total	25	25	0
Av. Flights			
Av. Flights Per Month	131	146	-15
Total	131	146	-15

Principal risks and uncertainties

The company has implemented a coordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk.

The principal risks which the company faces include:

Business conditions, general economy and price/service competition

The global markets in which the company operates are intensively competitive and the profitability of the company is inevitably influenced by the global economic conditions which affect spending decisions by the company's customers. To mitigate the risk posed by the competitive market, the business has sought to expand its customer base, aircraft types and commercial product offerings to the market. Thus, to have differentiators and a unique position in the market.

Flairjet Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Regulatory and legal environment

The company operates in an environment which is committed to maintaining the highest standards of safety and as such must adhere to a strict regulatory and legal regime. This can change at any time and thus pose an operational risk to the business. To manage this risk and ensure full compliance, the company operates a Safety Management System (SMS) that meets the requirements of International Civil Aviation Organisation (ICAO) Document 9859 and EASA Regulation 216/2008. This SMS provides an organised risk management approach to managing safety in all aspects of the company's operations.

Skills availability

The UK aerospace skills base is under pressure with falling numbers available in the resource pool. The company continues to invest strongly in its staff to protect itself from this threat to its business although a fall in demand could put pressure on employment levels that then become economically unsustainable.

Financial Risk Management Objectives and Procedures

Credit risk and interest rate risk

The directors have considered the impact and have appropriate plans to mitigate credit risk on the business in respect of debtors failing to settle their balances. To mitigate the risk, the company takes a variety of measures including the monitoring of debtor ageing, ensuring that adequate commercial terms are established with new customers, and securing funds in advance of charter flight departures.

Liquidity and cash flow risk

Liquidity and cash flow risks relate to the ability to pay for goods and services required by the company to trade on a day to day basis. The company continues to have access to sufficient cash and working capital to allow it to trade effectively for the foreseeable future through the continued support of the ultimate parent undertaking, Flexjet Limited.

The directors have considered the current and future activities of the company, including cash forecasts for a period covering at least the next 12 months. The directors have received assurances that the ultimate parent company will continue to support the company and have satisfied themselves that it has sufficient resources to be able to do so.

Future developments

The Company will continue on a significant upward growth trajectory during the next 3 to 5 years. Moreover, it will add owned aircraft and aircraft from third parties. The resulting embellished fleet will serve to provide new and significant commercial offerings at a time when the market is demanding them. This will give a 'first mover' advantage. In carrying out this growth, the Company will continue to refine its commercial and operational capability and to hone its business execution for best cash position and best profit

Approved by the board and signed on its behalf by:

K C Ricci
Director

M A Ross
Director

R P Jones
Director

Registered Office:
Business Aviation Centre
Terminal Road
Birmingham
England
B26 3QN
2017

Flairjet Limited

Directors' report

The directors present their annual report on the affairs of Flairjet Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2016. The financial risk management objectives and procedures are set out in the Strategic Report.

Future developments

Details of future developments can be found in the Strategic Report on p4.

Results and dividends

The loss for the year amounted to £957,559 (2015: loss of £1,063,188).

The directors do not recommend the payment of a dividend (2015: £nil).

Going concern

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out in the Strategic Report.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries and have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Flexjet Limited to continue as a going concern or its ability to continue to provide support to the company.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Flexjet Limited, the company's directors have a reasonable expectation that the company will be able 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. However, given the company's losses and short term group funding, it does rely on its ultimate parent company for continued support.

Directors

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

K C Ricci	(Appointment 2 August 2016)
M A Rossi	(Appointment 2 August 2016)
R P Jones	(Appointment 2 August 2016)
G J Clark	(Termination of Appointment 30 April 2016)
W C M Dastur	(Termination of Appointment 30 April 2016)
R D Marshall	(Termination of Appointment 2 August 2016)
S J Fitz-Gerald	(Termination of Appointment 2 August 2016)
G J S Moynehan	(Termination of Appointment 2 August 2016)

Flairjet Limited

Directors' report (continued)

Directors' and Officers' liability insurance

Flairjet Limited ('the Company'), purchased a directors' and officers' liability insurance policy throughout the year. Although a director's defence costs may be met, neither the company or the ultimate parent company's indemnity nor insurance provides cover in the event that he is proved to have acted fraudulently or dishonestly.

Charitable contributions

During the year the company made no charitable contributions (2015: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:



K C Ricci
Director



M A Rossi
Director



R P Jones
Director

Registered Office:
Business Aviation Centre
Terminal Road
Birmingham
England
B26 3QN
2017

Flairjet Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. 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 result 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 auditor's report to the members of Flairjet Limited

We have audited the financial statements of Flairjet Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of financial position, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

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

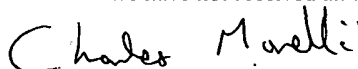
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Charles Morelli (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, UK
4 October 2017

Flairjet Limited

Income statement For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	2,318,487	4,426,909
Cost of sales		<u>(1,942,622)</u>	<u>(3,589,420)</u>
Gross profit		375,865	837,489
Administrative expenses		<u>(1,334,210)</u>	<u>(2,169,168)</u>
Operating loss	4	(958,345)	(1,331,679)
Finance costs (net)	7	<u>(43)</u>	<u>56</u>
Loss on ordinary activities before taxation		(958,388)	(1,331,623)
Tax on loss on ordinary activities	8	<u>829</u>	<u>268,435</u>
Loss for the financial year attributable to equity Shareholders of the company		<u>(957,559)</u>	<u>(1,063,188)</u>

All the activities of the company are classed as continuing.

The company has no recognised gains or losses and no changes to equity other than the profit / loss for the current and preceding years, as set out above.

The notes on pages 12 to 22 form part of the Report and Financial Statements.

Flairjet Limited

Statement of financial position At 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	1,173,831	9,070
Current assets			
Debtors	10	625,552	1,419,811
Cash at bank and in hand		492,317	684,421
		<u>1,117,869</u>	<u>2,104,232</u>
Creditors: amounts falling due within one year	12	<u>(2,242,482)</u>	<u>(3,955,889)</u>
Net current liabilities		<u>(1,124,613)</u>	<u>(1,851,657)</u>
Total assets less current liabilities		<u>49,218</u>	<u>(1,842,587)</u>
Capital and reserves			
Called-up share capital	16	500,000	500,000
Profit and loss account		<u>(450,782)</u>	<u>(2,342,587)</u>
Shareholders' funds / (Deficit)		<u>49,218</u>	<u>(1,842,587)</u>

The financial statements of Flairjet Limited (registered number 06528991) were approved by the board of directors and authorised for issue on September 29 2017.

They were signed on its behalf by:


K C Ricci
Director


M A Rossi
Director


R P Jones
Director

Flairjet Limited

Statement of changes in equity At 31 December 2016

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2015	500,000	(1,279,399)	(779,399)
Loss for the financial year	-	(1,063,188)	(1,063,188)
Total comprehensive income	-	(1,063,188)	(1,063,188)
At 31 December 2015	500,000	(2,342,587)	(1,842,587)
At 1 January 2016	500,000	(2,342,587)	(1,842,587)
Profit for the financial year	-	(957,559)	(957,559)
Parent Company Investment	-	2,849,364	2,849,364
Total comprehensive income	-	1,891,805	1,891,805
At 31 December 2016	500,000	(450,782)	49,218

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information

Flairjet Limited ("the Company") is a company limited by shares in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

b. Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, One Sky Flight LLC, which may be obtained at One Sky Flight LLC, 26180 Curtiss Wright Parkway, Cleveland, Ohio, USA.

c. Going concern

The financial statements have been prepared using the going concern basis of accounting.

The company's business activities, together with the factors and risks likely to affect its future development and position, are set out in the Strategic Report.

The directors, having considered the company's forecast cash flows for the foreseeable future and having assessed the responses of the directors of the company's ultimate parent company to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Flexjet Limited group to continue as a going concern or its ability to continue to provide support to the company.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Flexjet Limited, the company's directors have a reasonable expectation that the company will be able 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. However, given the company's losses and short term group funding, it does rely on its ultimate parent company for continued support.

d. Exemptions for Qualifying Entities Under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (c) The requirements of Section 11, paragraphs 11.39 to 11.48A and Section 12, paragraphs 12.26 to 12.29A;
- (d) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (e) The requirements of Section 33 Related Party Disclosures paragraph 33.7.

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

1. Accounting policies (continued)

e. Turnover

Turnover comprises an invoiced value of goods and services supplied by the company excluding trade discounts and value added tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The specific methods used to recognise the different forms of revenue earned by the company are set out below:

i) Group owned / full service aircraft management contracts

For Group Owned Aircraft or aircraft where the company retains the principal risks and rewards related to the management or operation then it accounts for the revenue and costs related to those transactions as the principal. As such, the value of revenue related to the provision of those aircraft related services, including third party income, is recognised in full.

e. Turnover (continued)

ii) Third party owned aircraft management services

Where the company operates a more restricted management service for aircraft owned by a third party it is not exposed to the normal operational risks associated with operating aircraft for third party use, therefore the company accounts for the revenue and costs related to those transactions as the agent and turnover represents the fair value of the management service provided. Under this restricted risks and rewards scenario, the revenue is restricted to the following:

- (a) Revenue: commission receivable by the company for operating the aircraft
- (b) Maintenance costs: administrative fees receivable by the company as a markup on maintenance costs recharged to the owner; and
- (c) Monthly or other regular charges: fees receivable by the company for operating the aircraft management service

iii) Provision of aircraft crew

Where the company provides crew for use on aircraft owned by a third party, it retains the key operational and financial risks associated with employing these crew. As such, the company accounts for the revenue and costs related to those transactions as the principal, and the value of revenue related to the provision of crew is recognised in full.

f. Foreign Currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position. All differences are taken to the income statement.

g. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful economic life as follows:

Aircraft	17% on a straight line basis
Fixtures & Fittings	25% on a reducing balance basis
Office Equipment	33% on a straight line basis
Motor Vehicles	33% on a straight line basis

Depreciation is provided when the assets are available for use. The aircraft were not depreciated as they did not come into service during the year.

The carrying values of tangible fixed assets are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable.

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

1. Accounting policies (continued)

h. Pension Costs

Flairjet Limited operates a defined contribution pension scheme for the employees of the company. The employees and employers contributions are invested in Royal London funds. The employees of the company are only members of the defined contribution scheme, and contributions are recognised in the profit and loss account in the period in which they become payable.

i. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

In 2016 the majority of the deferred tax asset is composed of tax losses which are unlikely to crystallise in under 12 months. On that basis, the recognised deferred tax has been calculated at 17%. It is acknowledged some deferred tax assets should unwind within 12 months, in the context of materiality it is believed 17% is reasonable.

j. Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

k. Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

2. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The following judgement has had the most significant effect on amounts recognised in the financial statements:

Revenue recognition: Principal versus agent

The company's principal activity is the management and operator of business jet aircraft. Some of the aircraft during 2016 were owned by the Marshall of Cambridge (Holdings) Limited group, while others are owned by third parties; in addition, each aircraft may generate multiple revenue streams for the company. For each separable revenue stream for each aircraft, an assessment is made as to the extent to which the company retains the significant risks and rewards of operating the aircraft. Where the company retains the principal risks and rewards related to the management or operation of an aircraft then it accounts for the revenue and costs related to those transactions as the principal. Where the company is not exposed to the normal operational risks associated with operating aircraft for third party use, then it accounts for the revenue and costs related to those transactions as the agent.

Revenue recognition adjustment during 2016 amounted to £1,766,816

The following is the company's key source of estimation uncertainty:

Recoverability of receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the recoverability of these balances, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and previous experience.

Bad Debt provision during 2016 amounted to £0 (2015: £30,024).

3. Turnover and revenue

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of valued added tax.

The turnover and loss before tax are attributable to the company's principal activities of the management and charter of business jet aircraft.

An analysis of turnover by geographical destination is given below:

	2016 £	2015 £
Turnover:		
United Kingdom	1,154,598	3,407,642
Rest of Europe	1,015,100	782,546
North America	132,575	172,881
Rest of World	16,214	63,840
	<u>2,318,487</u>	<u>4,426,909</u>

An analysis of the Company's turnover by class of business is set out below:

	2016 £	2015 £
Turnover:		
Group owned/full service aircraft management controls	1,825,333	3,085,185
Other aircraft management services	493,154	1,341,724
	<u>2,318,487</u>	<u>4,426,909</u>

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of owned tangible fixed assets (note 9)	8,137	67,386
Operating-lease costs – land and buildings	58,332	50,715
Net foreign exchange losses	8,790	8,753

The analysis of auditor's remuneration is as follows:

	2016 £	2012 £
Fees payable to the company's auditor for the audit of the company's annual accounts	42,000	15,000
Total audit fees	42,000	15,000
Tax Services		
Compliance services	8,000	-
Other advisory services	14,000	-
Total non-audit fees	22,000	-

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Capitals and First Officers	8	8
Sales and Operations	9	9
Finance	5	5
Management	3	3
Total	25	25

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,105,180	1,219,221
Social security costs	118,617	136,544
Other pension costs	32,094	42,477
	1,255,891	1,398,242

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

6. Directors' remuneration and transactions

All directors provide their services to all the undertakings where they are a director. The directors do not believe that it is practicable to apportion the total remuneration between their qualifying services as directors of the company and their qualifying services as directors of either the ultimate parent undertaking or fellow subsidiary undertakings

7. Finance costs (net)

	2016 £	2015 £
Interest receivable and similar income		
Bank interest (chargeable) / receivable	(43)	56

8. Tax on loss on ordinary activities

The tax charge comprises:

	2016 £	2015 £
Current tax		
UK corporation tax	-	(268,487)
Adjustments in respect of prior years	-	705
Total current tax	-	(267,782)
Deferred tax		
Origination and reversal of timing differences	(23,586)	(672)
Adjustment in respect of prior years	1,290	(45)
Effect of changed tax rate on opening balance	21,467	64
Total deferred tax	(829)	(653)
Total tax on loss	(829)	(268,435)

The standard rate of tax applied to the reported loss is 20.00% (2015: 20.25%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2013. Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These changes to corporation tax rates impacted the deferred tax charge and closing deferred tax position for 2015. In the March 2016 budget, the Government announced a further reduction in the UK corporation tax rate to 17% with effect from 1 April 2020, however this change has not been substantively enacted.

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

8. Tax on loss on ordinary activities (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Loss on ordinary activities before tax	(958,388)	(1,331,623)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	(191,677)	(269,653)
Effects of:		
- Expenses not deductible for tax purposes	1,852	450
- Income not taxable	(808)	-
- Effects of group relief	141,076	-
- Adjustments in respect of prior years	1,290	660
- Effect of tax rate changes	21,467	108
- Deferred tax not provided	25,971	-
Total tax credit for year	(829)	(268,435)

9. Tangible fixed assets

	Motor vehicles £	Fittings & fixtures £	Office equipment £	Aircraft £	Total £
At 1 January 2016	8,157	3,265	24,487	-	35,909
Additions	-	-	1,420	1,171,477	1,172,897
At 31 December 2016	8,157	3,265	25,907	1,171,477	1,208,807
Depreciation					
At 1 January 2016	4,037	3,177	19,625	-	26,839
Charge for the year	4,120	88	3,928	-	8,136
At 31 December 2016	8,157	3,265	23,553	-	34,975
Net book value					
At 31 December 2016	-	-	2,354	1,171,477	1,173,831
At 31 December 2015	4,120	88	4,862	-	9,070

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

10. Debtors

	2016 £	2015 £
Trade debtors	506,364	799,414
Amounts owed to group undertakings	-	304,010
Other debtors	34,131	257,177
Prepayments and accrued income	82,292	57,274
Deferred tax asset (see note 11)	2,765	1,936
	<u>625,552</u>	<u>1,419,811</u>

11. Deferred tax asset

	2016 £	2015 £
The movement in the deferred tax asset during the year was:		
Balance brought forward	1,936	1,283
Credit to profit and loss for the year	829	653
	<u>2,765</u>	<u>1,936</u>

Balance carried forward

	2016 £	2015 £
The deferred tax asset consists of the tax effect of timing differences in respect of:		
Excess of depreciation over taxation allowances	1,787	1,364
Other short-term timing differences	978	572
	<u>2,765</u>	<u>1,936</u>

A deferred tax asset of £124,942 (2015: £81,650) has not been recognised.

Flairjet Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	490,860	457,846
Amounts owed to group undertakings	1,489,751	2,971,852
Other taxation and social security	8,312	159,609
Other creditors	867	53,455
Accruals and deferred income	252,692	313,127
	<u>2,242,482</u>	<u>3,955,889</u>

13. Pensions

The total pension cost for the year for the company in respect of defined contribution schemes was £32,094 (2015: £42,477).

14. Financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Leases expiring:		
Within 1 year	<u>58,332</u>	<u>48,000</u>

During 2015, the company had an agreement with Marshalls of Cambridge Aerospace Limited to rent offices from them for a rental of £4,861 per month. There is a contract in place, the underlease, for these arrangements the lease payments are renegotiated on an annual basis. The lease rental expense for the year is disclosed in note 4 and the annual commitment for 2016 is disclosed in the table above.

15. Related party transactions

The company has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with fellow wholly owned subsidiary undertakings of Flexjet Limited.

Flairjet Limited

Notes to the financial statements (continued) **For the year ended 31 December 2016**

16. Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid:		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17. Parent Company Investment

In May 2016, Marshalls of Cambridge (Holdings) Limited agreed to the cancellation of their Intercompany Loan with Flairjet Company of £2,849,364, which has been classified as an adjustment to Equity.

18. Ultimate Parent Company and Controlling Party

The Ultimate Controlling Party is PEAK Acquisitions Limited which is an Irish Limited Company, Registered Address: 70 Sir John Rogerson's Quay, Dublin 2. The immediate parent company is Volare Acquisitions Limited which is an Irish Limited Company, Registered Address: 70 Sir John Rogerson's Quay, Dublin 2. The smallest and largest group in which the company is consolidated is One Sky Flight LLC, and the financial statements may be obtained at One Sky Flight LLC, 26180 Curtiss Wright Parkway, Cleveland, Ohio, USA.