

COMPANY REGISTRATION NUMBER 06528991

**Flairjet Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**

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**Flairjet Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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# **Flairjet Limited**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>The Board of directors</b>	W.C.M. Dastur R.D. Marshall G.J. Clark S.J. Fitz-Gerald S.K. Jones
<b>Company secretary</b>	S.J. Moynihan
<b>Registered office</b>	Airport House The Airport Newmarket Road Cambridge CB5 8RY
<b>Auditor</b>	Ernst & Young LLP One Cambridge Business Park Cambridge CB4 0WZ
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS  Barclays Bank Plc 9-11 St Andrews Street Cambridge CB2 3AA

# Flairjet Limited

## THE STRATEGIC REPORT

**YEAR ENDED 31 DECEMBER 2014**

The directors of Flairjet Limited (the 'company') present the Report and Financial Statements containing a strategic report, directors' report and the financial statements for the year ended 31 December 2014.

### Principal activities

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

### Analysis of financial key performance indicators

The company measures its performance on a number of key performance indicators, including revenue, gross margin, fleet size and flying hours as discussed below.

	2014	2013	Change
Turnover	£3,991,675	£3,427,945	+16.4%
Gross margin %	17.7%	29.2%	-11.5%
Loss before tax on sales %	-17.8%	-1.2%	-16.6%
Average Fleet Size			
Group Owned Aircraft	2.0	2.0	-
Managed Aircraft	1.0	1.5	-0.5
Private Managed Aircraft	2.0	0.5	+1.5
Total	<u>5.0</u>	<u>4.0</u>	<u>+1.0</u>
Flying Hours			
Group Owned Aircraft	755	797	-42
Managed Aircraft	329	340	-11
Total	<u>1,084</u>	<u>1,137</u>	<u>-53</u>

### Business review

#### Statement of income

The company made a loss for the financial year, after taxation, of £553,529 (2013: loss of £38,365). The performance in 2014 was below budget for the year, but reflects the impact of the challenges and competition experienced during the year and integration into the Marshall of Cambridge (Holdings) Limited group.

The aircraft management and charter industry remains highly competitive, presenting challenges in obtaining high margin charter orders and winning new managed aircraft contracts. Despite this pressure the company won 2 new private managed aircraft contracts during 2014, and generated flying hours on the managed and owned aircraft marginally behind those of 2013. The revenue from pilot training and aircraft delivery has doubled in 2014 from the previous year, reflecting the continued investment from management in this area of the business. The total income achieved for the year was below budget which meant that overhead costs need to be tightly controlled going forward.

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

On 9 January 2015, the immediate parent company entered into a 20 year agreement with Birmingham Airport to lease buildings for a rental of £48,000 per annum for the use of the company.

# **Flairjet Limited**

## **THE STRATEGIC REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2014**

### ***Statement of income (continued)***

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 wider group treasury function and the continued support of the ultimate parent undertaking, Marshall of Cambridge (Holdings) Limited. Total assets less liabilities have decreased by the loss in the year of £553,529 to a net liability of £779,399 (2013: net liabilities of £225,870).

### ***Statement of cash flow***

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the Report and Financial Statements on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cash flow statement which is publicly available.

### **Principal risks and uncertainties**

The company has implemented a co-ordinated 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 face includes:

#### ***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, model types and invest in other revenue streams such as training and aircraft delivery.

#### ***Regulatory and legal environment***

The company operates in an environment which is committed to maintaining the highest standards of safety and as such has to adhere to a strict regulatory and legal regime. This can change at any time and thus pose an operational risk to the business. In order 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 training 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. Increasing global competition could hamper the company's ability to recruit and retain the very best employees.

#### ***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. Given the nature of the company's aircraft management and charter customer base, and the assets involved in those transactions, the directors do not consider this risk to be significant.

# Flairjet Limited

## THE STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

### Principal risks and uncertainties *(continued)*

#### *Credit risk and interest rate risk (continued)*

To mitigate the risk, the business 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 participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the company's ultimate parent undertaking. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent company and fellow group undertakings.

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. This information, along with the pledge of support from the ultimate parent company and the adequacy of their resources to honour that support, the directors do not consider liquidity and cash flow risks to be significant.

Signed by order of the board of directors



S. J. Moynihan  
Company Secretary

Approved by the directors on 28 April 2015

# **Flairjet Limited**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2014**

The directors present their Report and Financial Statements of the company for year ended 31 December 2014.

#### **RESULTS AND DIVIDENDS**

The company made a loss in the year of £553,529 (2013: loss of £38,365). The directors do not recommend the payment of a dividend (2013: £nil).

#### **DIRECTORS**

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

W.C.M. Dastur  
R.D. Marshall  
G.J. Clark  
S.J. Fitz-Gerald  
S.K. Jones

In accordance with the Articles of Association, W.C.M. Dastur and S.J. Fitz-Gerald retire by rotation and, being eligible, offer themselves for re-election.

R.D. Marshall, W.C.M. Dastur and S.J. Fitzgerald are also directors of the ultimate parent company and their interests in the share capital of the ultimate parent company are disclosed in that company's financial statements. No other director had any interest in the share capital of the company or of any other group company at the year end.

None of the directors holding office at 31 December 2014 had notified a beneficial interest in any contract to which the company or its subsidiary undertakings were a party during the financial year.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

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

#### **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 on pages 2 to 4.

The company participates in the Marshall of Cambridge (Holdings) Limited group treasury arrangements coordinated by the company's ultimate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent and fellow group undertakings.

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 to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) 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, appropriate confirmation of which it has received.

# **Flairjet Limited**

## **THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2014**

### **POLITICAL AND CHARITABLE DONATIONS**

During the year the company made no charitable or political contributions (2013: £nil).

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **AUDITOR**

In accordance with section 487(2) of the Companies Act 2006, Ernst and Young LLP will continue in office as auditor of the company.

Signed by order of the board of directors



S. J. Moynihan  
Company Secretary

Approved by the directors on 28 April 2015

# **Flairjet Limited**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **YEAR ENDED 31 DECEMBER 2014**

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

Company law requires the directors to prepare the report and financial statements for each financial year. Under that law the directors have elected to prepare the report and 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 report and 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 those report and financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the report and financial statements; and
- prepare the report and 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 report and 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 SHAREHOLDERS OF FLAIRJET LIMITED**

We have audited the financial statements of Flairjet Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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).

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 Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 directors' review of the business to identify material inconsistencies with the audited Report and 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 2014 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
FLAIRJET LIMITED (continued)**

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

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

**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.



Bob Forsyth (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge, UK  
28 April 2015

**Flairjet Limited**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	2	3,991,675	3,427,945
Cost of sales		(3,286,086)	(2,428,352)
<b>GROSS PROFIT</b>		705,589	999,593
Administrative expenses		(1,416,923)	(1,040,837)
<b>OPERATING LOSS</b>	3	(711,334)	(41,244)
Interest receivable and similar income	6	170	485
Interest payable and similar charges	7	-	(105)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(711,164)	(40,864)
Tax on loss on ordinary activities	8	157,635	2,499
<b>LOSS FOR THE FINANCIAL PERIOD</b>	18	(553,529)	(38,365)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the losses for the current year and preceding year as set out above and therefore no statement of recognised gains and losses is presented.

The notes on pages 12 to 19 form part of the Report and Financial Statements

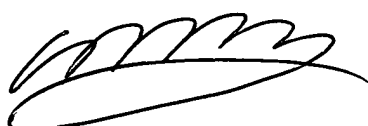
# Flairjet Limited

## BALANCE SHEET

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	9	13,442	4,437
<b>CURRENT ASSETS</b>			
Stock	10	2,786	-
Debtors	11	832,592	342,292
Cash at bank		217,784	245,694
		1,053,162	587,986
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	(1,846,003)	(818,293)
<b>NET CURRENT LIABILITIES</b>		(792,841)	(230,307)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET LIABILITIES</b>		(779,399)	(225,870)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	500,000	500,000
Profit and loss account	18	(1,279,399)	(725,870)
<b>DEFICIT IN SHAREHOLDERS' FUNDS</b>	18	(779,399)	(225,870)

The Report and Financial Statements were approved by the directors and authorised for issue 28 April 2015 and are signed on their behalf by:



G.J. CLARK  
Director



S.J. FITZ-GERALD  
Director

Company Registration Number: 06528991

The notes on pages 12 to 19 form part of the Report and Financial Statements.

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards.

#### (b) 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 on pages 2 to 4.

The company participates in the Marshall of Cambridge (Holdings) Limited group's treasury arrangements coordinated by the company's ultimate parent company. Under this arrangement, it has access to and shares banking arrangements and facilities with its ultimate parent and fellow group undertakings.

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 to their enquiries have no reason to believe that a significant uncertainty exists that may cast doubt about the ability of the Marshall of Cambridge (Holdings) Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Marshall of Cambridge (Holdings) 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, appropriate confirmation of which it has received.

#### (c) Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the Report and Financial Statements on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cash flow statement which is publicly available.

#### (d) Turnover

Turnover comprises the invoicable 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*

Where the company retains the principal risks and rewards related to the management or charter of an aircraft 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 charter income, is recognized in full.

##### *ii) Other aircraft management services*

Where the company operates a more restricted management service for an owner, or where it is not exposed to the normal operational risks associated with chartering aircraft for third party use, then turnover represents the fair value of the management service provided. Under this restricted risk and reward scenario, the revenue related to the charter of aircraft to a third party is restricted to the commission receivable by the company for arranging the charter.

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

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

#### (e) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the forward contract if appropriate. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### (f) Tangible fixed assets

Tangible fixed assets are stated at costs less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

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

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

#### (g) Pension costs

Marshall of Cambridge (Holdings) Limited group operates a number of different pension funds, including both defined contribution and defined benefit schemes, for the employees of the group. The assets of all the schemes are held in independently administered trust funds. The employees of the company are only members of the defined contribution schemes and its contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### (h) Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

#### (i) Operating leases

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

#### (h) Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 2. Turnover

The turnover and profit 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:

	2014	2013
	£	£
United Kingdom	3,767,521	2,944,163
Rest of Europe	177,939	355,730
Rest of World	46,215	128,052
	<u>3,991,675</u>	<u>3,427,945</u>

An analysis of turnover by stream is given below:

	2014	2013
	£	£
Group owned/full service aircraft management contracts	3,043,341	2,131,359
Other aircraft management services	948,334	1,296,586
	<u>3,991,675</u>	<u>3,427,945</u>

#### 3. Operating loss

Operating loss is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation of owned tangible fixed assets	4,641	4,064
Operating lease costs – Land and buildings	24,012	23,000
Net foreign exchange (gains)/losses	<u>(14,988)</u>	<u>22,000</u>

#### Auditor's remuneration

Auditor's remuneration is as follows:

	2014	2013
	£	£
Audit services to the company	12,500	12,500
Taxation services	2,000	6,000
	<u>14,500</u>	<u>18,500</u>

#### 4. Particulars of Employees

The average number of staff employed by the company (including executive directors) during the financial year amounted to:

	2014	2013
	No.	No.
Sales, administration and management	<u>17</u>	<u>16</u>

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 4. Particulars of Employees *(continued)*

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	894,023	662,781
Social security costs	99,530	73,985
Other pension costs	39,529	8,592
	<u>1,033,082</u>	<u>745,358</u>

#### 5. Directors' Remuneration

All of the directors are also directors of other subsidiary undertakings of the ultimate parent undertaking and provide their services to all of the undertakings where they act as 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 parent undertaking or fellow subsidiary undertakings. The total remuneration of R.D. Marshall, W.C.M. Dastur and S. Fitz-Gerald are disclosed within the financial statements of the ultimate parent undertaking. The total remuneration of G.J. Clark and S.K. Jones are disclosed within the financial statements of the immediate parent undertaking. A management charge of £1,802,000 (2013: £1,455,000) has been made by the ultimate parent company to the immediate parent company, which includes a proportion of the directors' emoluments. The immediate parent company has not recharged any of these costs to the company in either the current or preceding year.

#### 6. Interest Receivable and Similar Income

	2014	2013
	£	£
Bank interest receivable	<u>170</u>	<u>485</u>

#### 7. Interest Payable and Similar Charges

	2014	2013
	£	£
Bank interest payable	<u>-</u>	<u>105</u>

#### 8. Tax on Loss on Ordinary Activities

##### (a) Analysis of credit in the year

	2014	2013
	£	£
<b>Current tax</b>		
UK Corporation tax based on the results for the year at 21.50% (year ended 31 December 2013: 23.25%)	(152,077)	-
Adjustments in respect of prior years	<u>(6,774)</u>	<u>-</u>
	(158,851)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(407)	(2,499)
Adjustment in respect of prior years	<u>1,623</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(157,635)</u>	<u>(2,499)</u>

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 8. Tax on Loss on Ordinary Activities *(continued)*

##### **(b) Factors affecting current tax credit**

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%).

	2014 £	2013 £
Loss on ordinary activities before taxation	(711,164)	(40,864)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK	(152,900)	(9,500)
Effect of:		
Expenses not deductible for tax purposes	385	6,540
Adjustments in respect of prior years	(6,774)	-
Depreciation for period in excess of capital allowances	438	721
Other short term timing differences	-	2,915
Utilisation of brought forward tax losses	-	(676)
Total current tax (note 8(a))	(158,851)	-

##### **(c) Factors that may affect future tax charges**

The Finance Act 2013 reduced the main rate of UK corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred tax assets and liabilities at 31 December 2014 have been calculated at 20%.

The company has carried forward tax losses of £498,690 (2013: £495,774) being a potential deferred tax asset of £99,738 (2013: £99,155), which would be available to offset against future taxable profits. Since the losses will only be available against the company's taxable profits (rather than available as group relief surrendered to fellow group undertakings within the Marshall of Cambridge (Holdings) Limited group), together with the fact the directors' do not feel that the company will return to profitability within the foreseeable future, no deferred tax asset in respect of taxable losses has been recognised.

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 9. Tangible Fixed Assets

	Motor Vehicles £	Fixtures & Fittings £	Office Equipment £	Total £
<b>Cost</b>				
At 1 January 2014	-	3,216	17,033	20,249
Additions	8,157	49	5,440	13,646
<b>At 31 December 2014</b>	<b>8,157</b>	<b>3,265</b>	<b>22,473</b>	<b>33,895</b>
<b>Depreciation</b>				
At 1 January 2014	-	2,870	12,942	15,812
Charge for the year	1,345	261	3,035	4,641
<b>At 31 December 2014</b>	<b>1,345</b>	<b>3,131</b>	<b>15,977</b>	<b>20,453</b>
<b>Net Book Value</b>				
<b>At 31 December 2014</b>	<b>6,812</b>	<b>134</b>	<b>6,496</b>	<b>13,442</b>
At 31 December 2013	-	346	4,091	4,437

#### 10. Stock

	2014 £	2013 £
Fuel	2,786	-

The difference between purchase price of fuel and its replacement cost is not considered material.

#### 11. Debtors

	2014 £	2013 £
Trade debtors	459,766	180,411
Amounts owed by group undertakings	152,582	-
VAT recoverable	177	10,550
Other debtors	29,475	17,364
Prepayments and accrued income	189,309	131,468
Deferred tax asset (see note 12)	1,283	2,499
	<b>832,592</b>	<b>342,292</b>

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 12. Deferred Tax Asset

The movement in the deferred tax asset during the year was:

	2014	2013
	£	£
Balance brought forward	2,499	-
Credit to profit and loss for the year	(1,216)	2,499
Balance carried forward	1,283	2,499

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of depreciation over taxation allowances	727	(9)
Other short term timing differences	556	2,508
	1,283	2,499

The company has recognised a deferred tax asset of £1,283 (2013: £2,499) in relation to excess of depreciation over taxation allowances and other timing differences, as the Marshall of Cambridge (Holdings) Limited group is expecting to make taxable profits in the foreseeable future, against which the deferred tax asset will reverse.

#### 13. Creditors: Amounts Falling due Within One Year

	2014	2013
	£	£
Trade creditors	173,924	57,529
Amounts owed to group undertakings	1,219,819	523,911
Other taxes and social security	57,934	25,434
Other creditors	25,219	717
Accruals and deferred income	369,107	210,702
	1,846,003	818,293

#### 14. Pensions

The company participates in the defined contribution pension scheme operated by Marshall of Cambridge (Holdings) Limited (the "Group") for the benefit of its employees. The scheme is funded by the payment of contributions to trustee administered funds which are kept independently from the assets of the Group.

The total pension cost for the year for the company in respect of defined contribution schemes was £39,529 (2013: £8,592). Outstanding pension contributions included in other creditors at 31 December 2014 amounted to £3,016 (2013: £4,886).

#### 15. Commitments Under Operating Leases

The company has an agreement with Oxford Airport to rent offices from them for a rental of £2,001 per month (2013: £2,001). This agreement represents a tenancy at will and is terminable by either party at any time.

# Flairjet Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 16. Related Party Transactions

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with fellow subsidiary undertakings of the Marshall of Cambridge (Holdings) Limited group.

#### 17. Share Capital

	2014	2013
	£	£
Allotted, called up and fully paid:		
500,000 Ordinary shares of £1 each	500,000	500,000

#### 18. Reconciliation of Deficit in Shareholders' Funds and Movement on Reserves

	Share capital	Profit and loss account	Total share holders' funds
	£	£	£
Balance brought forward at 1 January 2013	500,000	(687,505)	(187,505)
Loss for the financial year	-	(38,365)	(38,365)
Balance brought forward at 1 January 2014	500,000	(725,870)	(225,870)
Loss for the financial year	-	(553,529)	(553,529)
Balance carried forward at 31 December 2014	500,000	(1,279,399)	(779,399)

#### 19. Ultimate Parent Company and Controlling Party

The immediate parent undertaking is Marshall of Cambridge Aerospace Limited.

The parent undertaking of the smallest and the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Marshall of Cambridge (Holdings) Limited, registered in England and Wales, and this is therefore considered to be the ultimate parent undertaking and also the controlling party. Copies of the group accounts can be obtained from Marshall of Cambridge (Holdings) Limited, Airport House, The Airport, Cambridge, CB5 8RY.