

Financial Statements

Hebridean Air Services Limited

For the year ended 31 March 2017

WEDNESDAY



L6DG2PAP

LD5

23/08/2017

#75

COMPANIES HOUSE

Registered number: SC156118

Hebridean Air Services Limited

Company Information

Directors	R C Mackenzie P J Sheldon J Simper
Registered number	SC156118
Registered office	Airtask Group Marine Scotland Base Annex Building To Hangar 3 Inverness Airport Inverness IV2 7JB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 17

Directors' report

For the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £107,169 (2016 - £142,658).

Directors

The directors who served during the year were:

R C Mackenzie (appointed 31 August 2016)

P J Sheldon (appointed 31 August 2016)

J Simper (appointed 31 August 2016)

G Cormack (resigned 31 August 2016)

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Directors' report (continued)

For the year ended 31 March 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

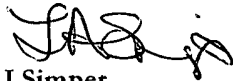
Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 August 2017 and signed on its behalf.



J Simper
Director



Independent auditor's report to the members of Hebridean Air Services Limited

We have audited the financial statements of Hebridean Air Services Limited for the year ended 31 March 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 on page 1, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2017 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.



Independent auditor's report to the members of Hebridean Air Services Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Other Matters

In the prior year the company was exempt from an audit under the Companies Act 2006. During the year ended 31 March 2017, the directors have chosen for the company to be audited. As a consequence, the financial statements for the year ended 31 March 2016 are unaudited.

Grant Thornton UK LLP

Jeremy Read (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Senior Statutory Auditor

Milton Keynes

Date:

21 August 2017

Statement of comprehensive income

For the year ended 31 March 2017

		2017 £	Unaudited 2016 £
Turnover	4	1,032,530	1,041,277
Cost of sales		(621,070)	(782,791)
Gross profit		411,460	258,486
Administrative expenses		(292,935)	(83,487)
Operating profit	5	118,525	174,999
Interest receivable and similar income		-	1,478
Profit before tax		118,525	176,477
Tax on profit	9	(11,356)	(33,819)
Profit and total comprehensive income for the year		107,169	142,658

There was no other comprehensive income for 2017 (2016: £NIL).

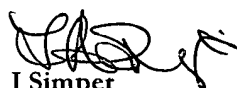
The notes on pages 8 to 17 form part of these financial statements.

Statement of financial position

As at 31 March 2017

	Note	2017 £	Unaudited 2016 £
Fixed assets			
Tangible assets	10	255,558	296,458
		<u>255,558</u>	<u>296,458</u>
Current assets			
Debtors: amounts falling due within one year	11	877,590	223,317
Cash at bank and in hand	12	165,771	642,455
		<u>1,043,361</u>	<u>865,772</u>
Creditors: amounts falling due within one year	13	(303,087)	(259,183)
Net current assets		<u>740,274</u>	<u>606,589</u>
Total assets less current liabilities		<u>995,832</u>	<u>903,047</u>
Provisions for liabilities			
Deferred tax	15	(40,080)	(54,464)
		<u>(40,080)</u>	<u>(54,464)</u>
Net assets		<u><u>955,752</u></u>	<u><u>848,583</u></u>
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account	17	955,750	848,581
		<u>955,752</u>	<u>848,583</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 AUGUST 2017


J Simper
Director

The notes on pages 8 to 17 form part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	2	848,581	848,583
Comprehensive income for the year			
Profit for the year	-	107,169	107,169
At 31 March 2017	2	955,750	955,752

Statement of changes in equity

For the year ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	2	705,923	705,925
Comprehensive income for the year			
Profit for the year	-	142,658	142,658
At 31 March 2016	2	848,581	848,583

The notes on pages 8 to 17 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. General information

Hebridean Air Services Limited is a private limited company domiciled and incorporated in England. The entity is registered at Airtask Group, Marine Scotland Base Annex Building To Hangar 3, Inverness Airport, Inverness, Scotland, IV2 7JB.

The principal activity of the company continued to be that of hiring of aircraft and operating scheduled and charter air services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These financial statements are the first prepared by the company in compliance with FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Airtask Group Limited as at 31 March 2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Aircraft	- 7 year straight line basis
Fixtures and fittings	- 25% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements required management to make significant judgements and estimates. The items in the financial statement where these judgements and estimates have been made include assessing the useful economic life of fixed assets and the recoverability of debtors.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Aviation and surveillance services	<u>1,032,530</u>	<u>1,041,277</u>

All turnover arose within the United Kingdom.

Notes to the financial statements

For the year ended 31 March 2017

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	42,825	3,542
Profit on disposal of fixed asset	-	(12,462)
Other operating lease rentals	14,000	-
	<u>14,000</u>	<u>-</u>

6. Earning before interest, taxes, depreciation and amortisation (EBITDA)

	2017	2016
	£	£
Profit before tax for the year	118,525	176,477
Add back depreciation	42,825	3,542
Less interest receivable	-	(1,478)
Less profit on disposal of fixed assets	-	(12,462)
EBITDA	<u>161,350</u>	<u>166,079</u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,950	-
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	2,000	-
All other assurance services	3,000	-
	<u>5,000</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 March 2017

8. Employees

	2017 £	2016 £
Wages and salaries	124,494	123,354
Social security costs	10,919	10,182
Cost of defined benefit scheme	-	-
	<u>135,413</u>	<u>133,536</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Operations	1	1
Aircrew	2	2
	<u>3</u>	<u>3</u>

The company's Directors did not receive any remuneration during the period (2016: £nil).

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	25,740	28,616
Total current tax	<u>25,740</u>	<u>28,616</u>
Deferred tax		
Origination and reversal of timing differences	(6,215)	5,203
Adjustments in respect of prior periods	(8,169)	-
Total deferred tax	<u>(14,384)</u>	<u>5,203</u>
Taxation on profit on ordinary activities	<u>11,356</u>	<u>33,819</u>

Notes to the financial statements

For the year ended 31 March 2017

9. Taxation (continued)

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	118,525	176,477
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	23,705	35,295
Effects of:		
Adjustments to tax charge in respect of prior periods	(8,169)	-
Other timing differences leading to an increase (decrease) in taxation	(6,215)	-
Other adjustments	2,035	(1,476)
Total tax charge for the year	11,356	33,819

10. Tangible fixed assets

	Aircraft £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2016	300,000	-	300,000
Additions	-	1,925	1,925
At 31 March 2017	300,000	1,925	301,925
Depreciation			
At 1 April 2016	3,542	-	3,542
Charge for the period on owned assets	42,504	321	42,825
At 31 March 2017	46,046	321	46,367
Net book value			
At 31 March 2017	253,954	1,604	255,558
At 31 March 2016	296,458	-	296,458

Notes to the financial statements

For the year ended 31 March 2017

11. Debtors

	2017 £	2016 £
Trade debtors	73,497	77,315
Amounts owed by group undertakings	747,361	5,177
Other debtors	422	-
Prepayments and accrued income	25,653	108,525
Tax recoverable	30,657	32,300
	<u>877,590</u>	<u>223,317</u>

12. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>165,771</u>	<u>642,455</u>

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	50,442	84,258
Corporation tax	25,740	28,599
Other taxation and social security	2,446	3,154
Other creditors	12,518	-
Accruals and deferred income	211,941	143,172
	<u>303,087</u>	<u>259,183</u>

Notes to the financial statements

For the year ended 31 March 2017

14. Financial instruments

	2017 £	2016 £
--	-----------	-----------

Financial assets

Financial assets measured at amortised cost	239,690	719,770
---	---------	---------

Financial liabilities

Other financial liabilities measured at amortised cost	(274,901)	(227,430)
--	-----------	-----------

Financial assets measured at amortised cost comprise of cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise of accruals, trade and other creditors.

15. Deferred taxation

	2017 £
At beginning of year	(54,464)
Credited to profit or loss	14,384
At end of year	(40,080)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(40,080)	(54,464)
	(40,080)	(54,464)

16. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

Notes to the financial statements

For the year ended 31 March 2017

17. Reserves

Profit and loss account

Contains all current and prior year profits and losses.

18. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	88,704	-
Later than 1 year and not later than 5 years	10,936	-
	<u>99,640</u>	<u>-</u>

19. Related party transactions

During the period 1 April 2016 to 31 August 2016, Hebridean Air Services Limited incurred costs of £113,070 (2016: £702,840) from Cormack Islander Aircraft Limited, a company controlled by Mr G Cormack in relation to Aircraft Maintenance and hire. As at the balance sheet date, an amount outstanding from Cormack Islander Aircraft Limited, a company that is controlled by Mr Cormack, was £29,156 (2016: £40,284).

The company also incurred costs during the same period of £25,343 (2016: £76,961) from Cormack Aircraft Services Limited, which is also controlled by Mr Cormack, in relation to fuel and management charges. As at the balance sheet date, an amount outstanding from Cormack Islander Aircraft Limited was £1,500 (2016: £6,393).

20. Controlling party

The ultimate controlling undertaking and parent company is Airtask Group Limited, a company incorporated in England and Wales. Copies of the accounts of the Airtask Group Limited are available from Airtask Group Limited, First Floor, Trent House, Cranfield Technology Park, Cranfield, Bedford, Bedfordshire, MK43 0AN.

21. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.