AIR CHARTER SERVICE GROUP LTD

(FORMERLY KNOWN AS AIR CHARTER SERVICE GROUP PLC)

ANNUAL REPORT AND ACCOUNTS

YEAR ENDING 31 JANUARY 2016

AIR CHARTER SERVICE

AIR CHARTER SERVICE GROUP LTD
ANNUAL REPORT AND ACCOUNTS

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THE BOARD OF DIRECTORS

CHRISTOPHER LEACH
Chairman

CHRISTINE LEACH
Company Treasurer
and Secretary

JUSTIN BOWMAN
Chief Executive Officer

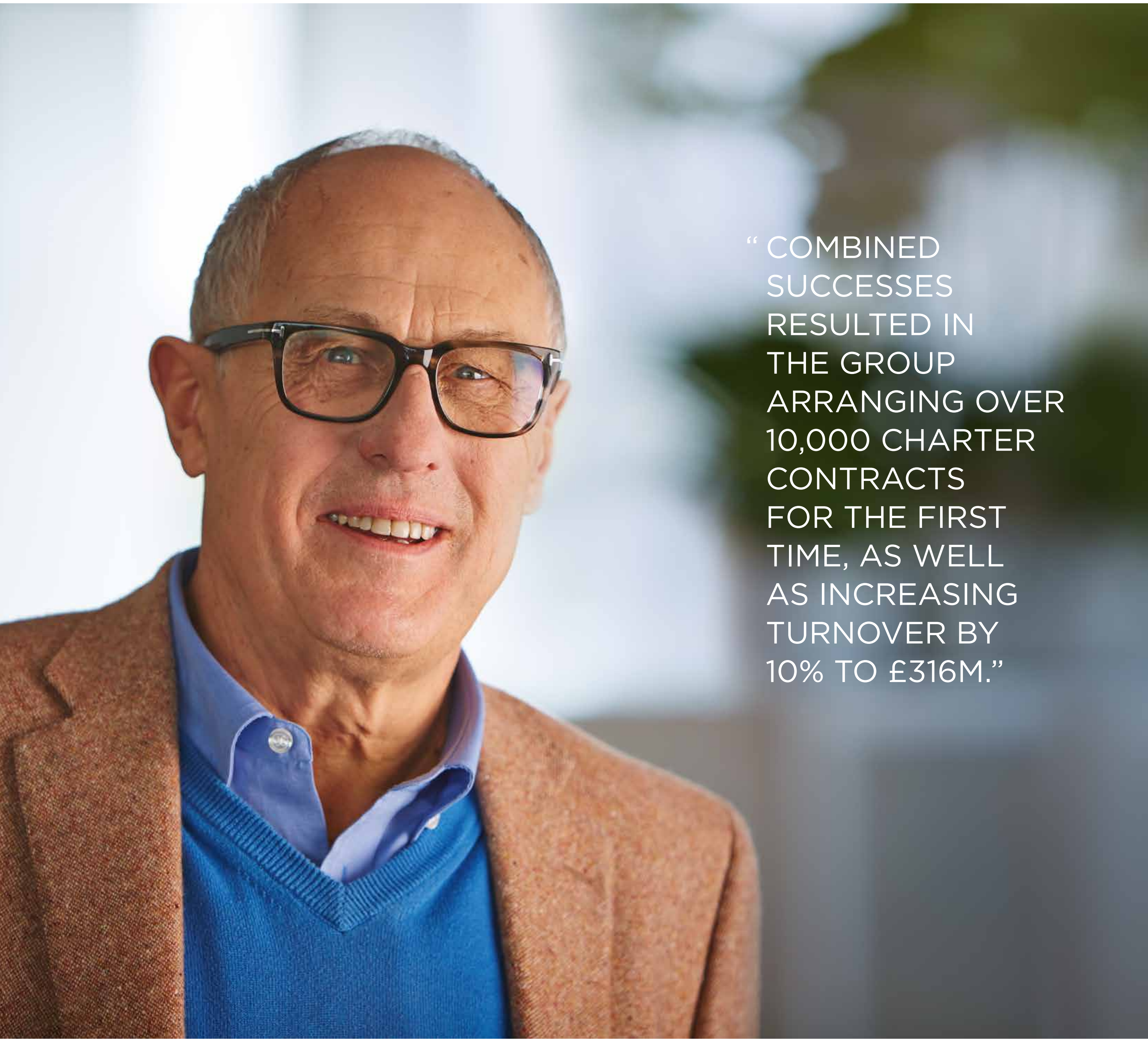
JUSTIN LANCASTER
Group Commercial Director

WILLIAM CHRISTIE
Group Executive Jets Director

REGISTERED OFFICE
Millbank House
171-185 Ewell Road
Surbiton
Surrey
KT6 6AP

REGISTERED NUMBER
04028491

AUDITOR
Menzies LLP
Chartered Accountants
& Registered Auditors
Centrum House
36 Station Road
Egham
Surrey
TW20 9LF


" COMBINED SUCCESSES RESULTED IN THE GROUP ARRANGING OVER 10,000 CHARTER CONTRACTS FOR THE FIRST TIME, AS WELL AS INCREASING TURNOVER BY 10% TO £316M."

I am pleased to report on another strong set of results for the year.

Over the financial year ending 31st January 2016 the board continued to pursue a number of strategies with the objective of becoming the world's leading charter brokerage house for all 3 of our major services along with pursuing a strategy of diversification. Our industry has been through a challenging time in recent years with the economic downturn reducing the demand for charters. During these tough trading conditions we focused on long term growth over short term profits by continuing to invest in technology, marketing and most importantly recruitment and training.

Our company offers an intellectual value-added service and we are only as good as our last flight. So ensuring our people have the necessary knowledge and expertise along with maintaining our customer-centred service ethic is key to winning repeat business, new customers and consequently, a growing business. As a result we have invested heavily in both recruitment and training of staff on a global basis.

Our investment in technology has also been extensive and has seen both increased efficiencies of our staff along with increased awareness of the Air Charter Service brand in the marketplace.

Along with these developments the group continued to develop its global reach with three new offices opened during the year in Sydney, Geneva and Miami as well as continuing to invest in our existing global network.

We believe these strategies combined have fuelled the strong results you will see in these accounts.

On a divisional level, our private jet and cargo departments both grew in terms of revenue and numbers of charters. Furthermore, since 2014 we have restructured our commercial jets department and cut out an unprofitable revenue stream, allowing us to focus on other markets and deliver underlying growth.

These combined successes resulted in the group arranging over 10,000 charter contracts for the first time, as well as increasing turnover by 10% to £316m and a pleasing increase in EBITDA from £5.0m to £8.0m.

The group remains in a good cash position and free of any long term debt. Our cash position at the year-end was just over £10m, which excludes deposits from our Jet Card customers, as we hold these in separate bank accounts on behalf of our clients which are not mixed with our other funds. Our recent management figures indicate that growth continues into the current year, which is testament to the board's strategy to achieve market dominance in every sector in which we operate.

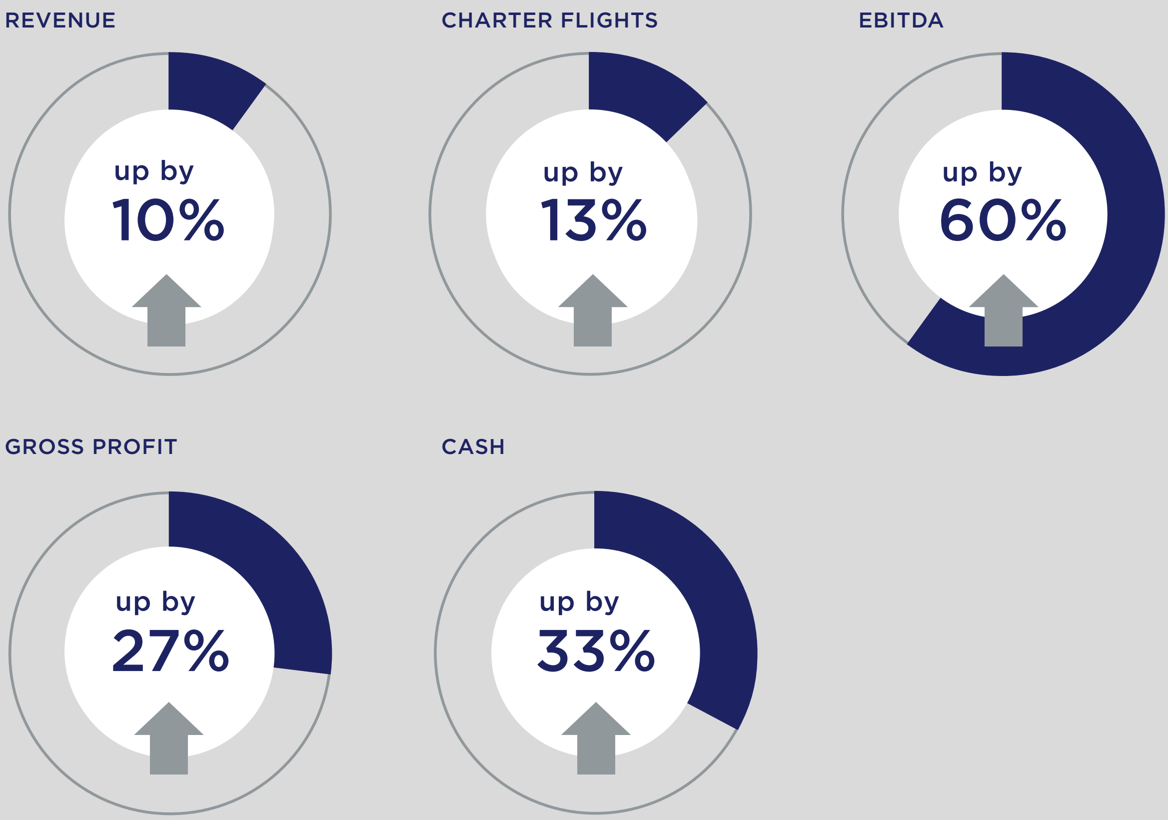
Chris Leach

Christopher Leach
Chairman

4 May 2016

OVERVIEW

HIGHLIGHTS FOR THE YEAR ENDED 31 JANUARY 2016



REVENUE

GROSS PROFIT

2016
£39.4m

↑ 8.5m

2015
£30.9m

EBITDA

2016
£8.0m

↑ 3.0m

2015
£5.0m

CASH

2016
£10m

↑ 2.5m

2015
£7.5m

CHARTER FLIGHTS

2016
10,242

↑ 1,238

2015
9,004

AROUND THE WORLD, AT LEAST ONE ACS FLIGHT TAKES OFF EACH HOUR OF EVERY DAY.

The directors present their report and the financial statements of the Group for the year ended 31 January 2016.

RESULTS AND DIVIDENDS

Profit after taxation for the period was £4.8 million (2015: £3.0 million) and dividends paid during the year were £3.5 million (2015: £2.0 million).

DIRECTORS

The directors who served the company during the year were as follows:

Christopher Leach
Christine Leach
Justin Bowman
Ruan Courtney
Stewart Pitt
Justin Lancaster
Tamsin Simmons
William Christie *(appointed 25 February 2015)*
Charles Prescott

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 to set out within the group's strategic report that information required by Schedule 7 of the Large and Medium sized companies and groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

GOING CONCERN

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

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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 the Group and of the profit or loss of the Group for that period. In preparing those 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 International Financial Reporting Standards adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POST BALANCE SHEET EVENTS

Effective 1st February 2016, a new holding company, Mountfitchet Group Limited, acquired the share capital of Air Charter Service Group Limited through a share for share exchange. Effective 1st April 2016, Mountfitchet Group Limited acquired the share capital of The Travel Division Limited, ACS Aircraft Sales Ltd and Mountfitchet Risk Solutions, from Air Charter Service Group Limited, at book value.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Menzies LLP has expressed their willingness to continue in office and a resolution approving the re-appointment of them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 4 May 2016

Stewart Pitt
Director

WE ARE CONSTANTLY UPDATING OUR PROCEDURES AND HAVE STEPPED UP OUR EFFORTS TO NEW HEIGHTS, TO ENSURE THAT WE CONTINUE TO OFFER THE SAFEST SELECTION OF AIRCRAFT ON THE MARKET.

BUSINESS REVIEW

The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker.

The results for the year are set out in the consolidated income statement on page 8 of these financial statements and a review can be found in the Chairman's statement.

The Group's financial and non-financial KPIs were as follows:

	2016	2015
Gross profit	£39.4m	£30.9m
EBITDA (excluding exceptional items)	£8.0m	£5.0m
Charter flights	10,242	9,004

RISKS AND UNCERTAINTIES

The process of risk management is addressed through a framework of group policies and procedures which are subject to board approval and ongoing review by management. Risks are monitored and mitigated through regular review of financial performance at Board level and the use of professional advisors where appropriate. Further details of the Group's financial risk management objectives and policies are included in note 15 to the accounts.

Given the ad-hoc nature of the air charter market, forward visibility is limited as our clients book charter flights on relatively short notice. Working capital requirements can fluctuate significantly due to variations in client and supplier payment terms from one period to the next. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

Approved by the Board of Directors on 4 May 2016.

Stewart Pitt

Stewart Pitt
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIR CHARTER SERVICE GROUP LTD

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Air Charter Service Group Ltd for the year ended 31 January 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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 set out on page 5, 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of an audit of financial statements is provided on the APB's website at: *www.frc.org.uk/apb/scope/private.cfm.*

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

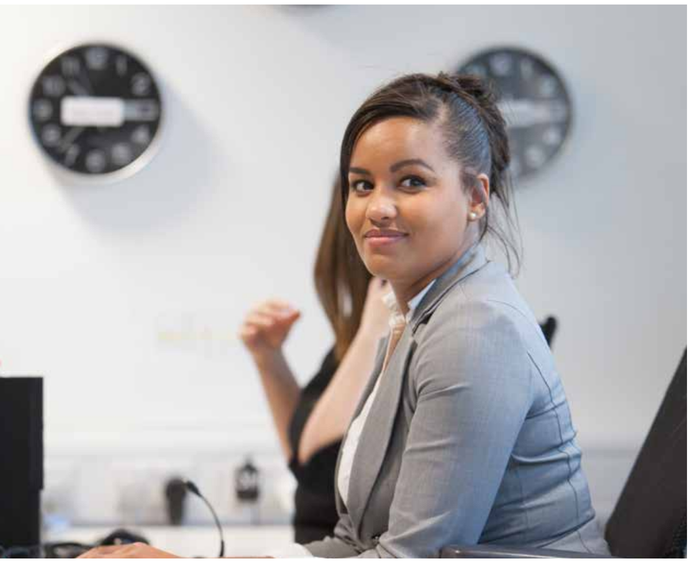
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; 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.

Janice Matthews FCA
(Senior Statutory Auditor)

For and on behalf of
MENZIES LLP
Chartered Accountants & Statutory Auditors
Centrum House
36 Station Road,
Egham, Surrey
TW20 9LF



FROM HAVING JUST 15 PEOPLE IN 2001, WE NOW EMPLOY MORE THAN 350 WORLDWIDE WHO ALL RECEIVE OUR AWARD-WINNING TRAINING AT THE UK HEAD OFFICE.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	Note	2016 £'000	2015 £'000
REVENUE		**315,753**	**286,128**
Cost of sales		(276,326)	(255,226)
GROSS PROFIT		**39,427**	**30,902**
Administrative expenses		(32,580)	(26,668)
OPERATING PROFIT	2	**6,847**	**4,234**
Analysed as:			
Operating profit before exceptional items	22	7,087	4,234
Exceptional items		(240)	-
OPERATING PROFIT		**6,847**	**4,234**
Finance income		12	11
Finance costs		(19)	(43)
PROFIT BEFORE TAX		**6,840**	**4,202**
Tax	5	(2,021)	(1,200)
PROFIT FOR THE PERIOD		**4,819**	**3,002**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		(25)	32
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4,794**	**3,034**
Profit for the period attributable to:			
Equity holders of the parent		4,841	2,953
Minority Interests		(22)	49
		4,819	**3,002**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		4,816	2,985
Minority Interests		(22)	49
		4,794	**3,034**

The results for the current and prior year are derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,332	1,856
Intangible assets	10	769	412
Deferred tax asset	6	119	319
Total non-current assets		**3,220**	**2,587**
Current assets			
Trade and other receivables	12	30,061	26,252
Current tax asset		145	344
Cash and cash equivalents		10,167	7,546
Total current assets		**40,373**	**34,142**
TOTAL ASSETS		**43,593**	**36,729**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	7	(171)	(115)
Provisions	14	(199)	(182)
Total non current liabilities		**(370)**	**(297)**
Current liabilities			
Trade and other payables	13	(34,426)	(29,659)
Current tax liabilities		(820)	(168)
Total current liabilities		**(35,246)**	**(29,827)**
TOTAL LIABILITIES		**(35,616)**	**(30,124)**
NET ASSETS		**7,977**	**6,605**
EQUITY			
Called up share capital	17	236	236
Share premium account		290	290
Share option reserve		242	234
Translation reserve		(366)	(341)
Own shares	18	(349)	(333)
Retained earnings		7,861	6,427
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**7,914**	**6,513**
Minority interest		63	92
TOTAL EQUITY		**7,977**	**6,605**

These financial statements were approved by the Board of Directors and authorised for issue on 4 May 2016.
Signed on behalf of the Board by:

Christopher Leach

Stewart Pitt

Company registration number: 04028491


WE WILL ALWAYS
STRIVE TO GO
ABOVE AND BEYOND,
TO ENSURE WE
OFFER THE BEST
POSSIBLE SERVICE.
F-HNDO

COMPANY	Note	2015 £'000	2014 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	11	2,545	2,123
Current assets			
Trade and other receivables	12	568	110
Cash and cash equivalents		2	4
TOTAL ASSETS		**3,115**	**2,237**
LIABILITIES			
Current liabilities			
Trade and other payables	13	(243)	(331)
Current tax liabilities		(68)	-
Total liabilities		(311)	(331)
NET ASSETS		**2,804**	**1,906**
EQUITY			
Called up share capital	17	236	236
Share premium account		290	290
Share option reserve		215	234
Own shares	18	(349)	(333)
Retained earnings		2,412	1,479
TOTAL EQUITY		**2,804**	**1,906**

In accordance with the exemptions permitted by Section 408 of the Companies Act 2006 the income statement of the company has not been presented. In the accounts of the company the profit for the financial year amounted to £4.3m (2015: £2.7m profit) and the net profit recognised directly in equity (net of dividends) amounted to £0.9m (2015: £0.7m).

These financial statements were approved by the Board of Directors and authorised for issue on 4 May 2016.
Signed on behalf of the Board by:

Christopher Leach

Stewart Pitt

Company registration number: 04028491

STATEMENTS OF CHANGES IN EQUITY

GROUP	Share Capital £'000	Share Premium Account £'000	Share Option Reserve £'000	Translation Reserve £'000	Own Shares £'000	Retained Earnings £'000	Total £'000	Minority Interest £'000	Total Equity £'000
CURRENT YEAR									
At 1 February 2015	236	290	234	(341)	(333)	6,427	6,513	92	6,605
New shares issued	-	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	(25)	-	-	(25)	(7)	(32)
Fair value cost of options	-	-	23	-	-	-	23	-	23
Fair value of options exercised	-	-	(43)	-	-	43	-	-	-
Dividends paid	-	-	-	-	-	(3,450)	(3,450)	-	(3,450)
Comprehensive income	-	-	-	-	-	4,841	4,841	(22)	4,819
Movement in own shares	-	-	28	-	(16)	-	12	-	12
AT 31 JANUARY 2016	236	290	242	(366)	(349)	7,861	7,914	63	7,977
PRIOR YEAR									
At 1 February 2014	235	257	234	(374)	(258)	5,459	5,553	72	5,625
New shares issued	1	33	-	-	-	-	34	-	34
Exchange difference on translation of foreign operations	-	-	-	33	-	-	33	(29)	4
Fair value cost of options	-	-	15	-	-	-	15	-	15
Fair value of options exercised	-	-	(15)	-	-	15	-	-	-
Dividends paid	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)
Comprehensive income	-	-	-	-	-	2,953	2,953	49	3,002
Movement in own shares	-	-	-	-	(75)	-	(75)	-	(75)
AT 31 JANUARY 2015	236	290	234	(341)	(333)	6,427	6,513	92	6,605

STATEMENTS OF CHANGES IN EQUITY

COMPANY	Share Capital £'000	Share Premium Account £'000	Share Option Reserve £'000	Own Shares £'000	Retained Earnings £'000	Total £'000
CURRENT YEAR						
At 1 February 2015	236	290	234	(333)	1,479	1,906
New shares issued	-	-	-	-	-	-
Fair value cost of options	-	-	24	-	-	24
Fair value of options exercised	-	-	(44)	-	44	-
Dividends paid	-	-		-	(3,450)	(3,450)
Operating profit for the year	-	-	-	-	418	418
Dividends received	-	-	-	-	3,922	3,922
Movement in own shares	-	-	-	(16)	-	(16)
AT 31 JANUARY 2016	236	290	214	(349)	2,413	2,804
PRIOR YEAR						
At 1 February 2014	235	257	234	(258)	726	1,194
New shares issued	1	33	-	-	-	34
Fair value cost of options	-	-	15	-	-	15
Fair value of options exercised	-	-	(15)	-	15	-
Dividends paid	-	-		-	(2,000)	(2,000)
Operating loss for the year	-	-	-	-	(503)	(503)
Dividends received	-	-	-	-	3,241	3,241
Movement in own shares	-	-	-	(75)	-	(75)
AT 31 JANUARY 2015	236	290	234	(333)	1,479	1,906

CONSOLIDATED STATEMENT OF CASH FLOWS

GROUP	2016 £'000	2015 £'000
RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		
Operating profit	6,847	4,234
Depreciation and amortisation	922	810
(Profit) / loss on disposal of property, plant & equipment	30	(38)
Translation differences on flows	(32)	5
Movement on provisions	17	-
Share based payment expense	24	15
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	**7,808**	**5,026**
Increase in receivables	(3,809)	(6,853)
Increase in payables	4,767	7,886
CASH GENERATED FROM OPERATIONS	**8,766**	**6,059**
Tax paid	(914)	(1,049)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**7,852**	**5,010**
INVESTING ACTIVITIES		
Interest received	12	11
Proceeds on disposal of plant, property and equipment	-	68
Purchases of plant, property and equipment	(1,196)	(922)
Purchases of intangibles	(590)	(412)
NET CASH USED IN INVESTING ACTIVITIES	**(1,774)**	**(1,255)**
FINANCING ACTIVITIES		
Purchase of own shares	(128)	(74)
Loan repayment	-	(49)
Interest paid	(19)	(44)
Net proceeds from shares issued	140	34
Dividends paid	(3,450)	(2,000)
Dividends paid – minority interest	-	-
NET CASH USED IN FINANCING ACTIVITIES	**(3,457)**	**(2,133)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,621**	**1,622**
Cash and cash equivalents at the beginning of the period	7,546	5,924
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**10,167**	**7,546**

Cash and cash equivalents represent the sum of the Group's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

COMPANY STATEMENT OF CASH FLOWS

COMPANY	2016 £'000	2015 £'000
Operating profit	482	(504)
Share based payment expense	24	15
(Increase) in receivables	(458)	(110)
(Decrease) in payables	(88)	(359)
CASH USED FROM OPERATIONS	**(40)**	**(958)**
Tax paid	-	-
NET CASH USED OPERATING ACTIVITIES	**(40)**	**(958)**
INVESTING ACTIVITIES		
Investment in subsidiaries	(418)	(244)
Dividends received	3,922	3,241
NET CASH FROM INVESTING ACTIVITIES	**3,504**	**2,997**
FINANCING ACTIVITIES		
Purchase of own shares	(16)	(74)
Net proceeds from shares issued	-	34
Dividends paid	(3,450)	(2,000)
NET CASH USED IN FINANCING ACTIVITIES	**(3,466)**	**(2,040)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(2)**	**(1)**
Cash and cash equivalents at the beginning of the period	4	5
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2**	**4**

Cash and cash equivalents represent the sum of the company's bank balances and cash in hand at the balance sheet date as disclosed on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

Air Charter Service Group Limited is an unlisted limited company incorporated and registered in the UK. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as interpreted by any regulatory bodies applicable to the company as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

The registered office of the company is Millbank House, 171-185 Ewell Road, Surbiton, Surrey, KT6 6AP. The principal activities of the company during the year were that of a holding company, holding investments in UK and overseas subsidiaries and providing funding for the same. The principal activities of the trading companies of the Group are those of an aircraft charter broker. Taking account of current cash reserves and current business volumes, the Directors are of the opinion that the Group will continue as a going concern for at least the next 12 months.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 31 January 2016. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

The Group consolidated financial statements incorporate the financial statements of Air Charter Service Group Ltd and its subsidiary undertakings. As permitted by Companies Act 2006, a separate income statement is not presented in respect of the company.

Key accounting judgements and sources of estimation uncertainty

The Group makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 January 2016 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Revenue recognition

The turnover shown in the income statement represents revenue in respect of flights undertaken during the year, exclusive of Value Added Tax. Revenue is recognised when a flight commences as the economic benefits are deemed to have passed to the customer at this point.

Revenue on multi-sector charters is recognised on commencement of the first sector. Amounts invoiced to customers in respect of future flights are deferred at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of an asset, over their estimated useful lives, using the straight-line method as follows:

Leasehold improvements	over the period of the leases
Motor vehicles	25% per annum straight line
Fixtures and fittings	25% per annum straight line
Computer equipment	33% or 20% per annum straight line

Residual values and useful economic lives are reviewed annually. Property, plant and equipment are assessed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an impairment review is deemed necessary, it is performed in accordance with the policies set out below.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years.

1. ACCOUNTING POLICIES (continued)

A reversal of an impairment loss is recognised as income immediately. Amortisation costs are included in the income statement within administrative expenses.

Investments

Investments are stated at cost less any provision for impairment in value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The Group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. During the year the Group acted on behalf of clients subscribing to its Lindbergh Card product, holding advance payments made in anticipation of future bookings within separately designated bank accounts established for this purpose. At the year end, the Group held cash for members of the Scheme amounting to £2.27 million (2015: £1.16 million). In accordance with the terms of the Lindbergh Card agreement, these funds are held separately on behalf of the client and do not form part of the Group's assets. Accordingly they have not been recognised within the financial statements.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1. ACCOUNTING POLICIES

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Foreign currency

Foreign currency transactions

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

Financial statements of foreign operations

On consolidation the assets and liabilities of overseas foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average rate for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. On disposal of a foreign entity, the deferred accumulated amount recognised in equity relating to that particular foreign operation is recognised in the income statement. The Group has taken advantage of the exemption conferred by IFRS1 not to fully retrospectively apply IAS 21. The gain or loss on disposal of these operations therefore excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Functional and presentation currency

The historical financial information is presented in Pounds Sterling and in round thousands, which is the Group's functional and presentation currency.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005. The Group operates an equity-settled share-based payment scheme under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group has also applied the requirements of IFRIC 11, requiring an entry to a separate capital account (entitled Capital Contribution in the financial statements) based on the share based payment expense recognised to date.

Exceptional items

Exceptional items are presented in the financial statements where there are material items of income and expense which, because of their nature and the expected rarity of the circumstances, which generates them, they should be presented separately to shareholders so as to enhance their judgement of the current year's financial performance and its comparability with prior years.

Intangible assets

Intangible assets (software development costs) are stated at cost, net of amortisation and any recognised impairment loss. Amortisation is calculated so as to write off the cost of an asset over its estimated useful life of 3 years.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for the period and therefore have not been applied in preparing these accounts:

IFRS 5	Non-current assets held for sale: 1 January 2016
IFRS 7	Financial Instruments: Disclosure: 1 January 2016/ IFRS 9 effective date
IFRS 9	Financial Instruments (issued October 2010): 1 January 2018
IFRS 10	Consolidated Financial Statements: 1 January 2016
IFRS 11	Joint arrangements: 1 January 2016
IFRS 12	Disclosure of interest in other entities: 1 January 2016
IFRS 15	Revenue from Contracts with Customers: 1 January 2018
IFRS 16	Leases: 1 January 2017/1 January 2019
IAS 1	Presentation of Financial Statements: 1 January 2016

1. ACCOUNTING POLICIES (continued)

IAS 7	Statement of Cash Flows: 1 January 2017
IAS 12	Income taxes: 1 January 2017
IAS 16	Property plant and equipment: 1 January 2016
IAS 19	Employee benefits: 1 January 2016
IAS 27	Separate Financial Statements: 1 January 2016
IAS 34	Interim financial reporting: 1 January 2016
IAS 38	Intangible assets: 1 January 2016
IAS 39	Financial instruments: IFRS 9 effective date

The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's Financial Statements, apart from additional disclosures.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2016 £'000	2015 £'000
Staff costs (note 3)	19,643	16,148
(Profit) / Loss on disposal of property, plant & equipment	30	(38)
Depreciation of owned fixed assets	689	810
Amortisation of intangible assets	233	-
Auditors remuneration: Group		
- as auditor	98	87
- for other services	191	164
Operating lease costs:		
- plant and equipment	-	1,098
- other	2,210	1,938
Foreign exchange losses / (gains)	125	(65)

Auditor's fees

The fees charged by the holding company auditor can be further analysed under the following headings for services rendered:

	2016 £'000	2015 £'000
Audit of company and group accounts	19	17
Audit of subsidiary undertakings	23	22
Taxation compliance	36	36
Other services	-	29
	78	**104**

The fees charged by the auditors of the overseas entities can be further analysed as follows:

	2016 £'000	2015 £'000
Audit of the financial statements	56	48
Taxation compliance	155	99
	211	**147**

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2016 No.	2015 No.
Sales	218	182
Non-sales	100	81
TOTAL	**318**	**263**

The aggregate payroll costs of the above were:

	2016 £'000	2015 £'000
Wages and salaries	17,538	14,317
Share based payments	24	15
Social security costs	1,802	1,555
Other pension costs	279	261
	19,643	**16,148**

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2016 £'000	2015 £'000
Emoluments receivable	1,406	1,228
Value of company pension contributions to money purchase schemes	117	116
Share based payments	10	4
	1,533	**1,348**
Emoluments of highest paid director:		
Total emoluments	327	305
Value of company pension contributions to money purchase schemes	40	40
	367	**345**

	2016 No.	2015 No.
Number of directors who accrued benefits under a money purchase pension scheme:	8	8

The directors are considered the key management personnel of the Group within the definition set out in IAS24.

4. DIRECTORS' EMOLUMENTS (continued)

Share Options

The directors during the period and their beneficial interest in options to purchase ordinary shares in the Group were as follows:

	Issue Date	Exercise Price (Pence)	Held at 31 Jan 2015 No.	Granted during year No.	Exercised during year No.	Expired, lapsed or cancelled No.	Held at 31 Jan 2016 No.
S Pitt	18 June 2010	55.0	114,700	-	(58,283)	-	56,417
	31 Jan 2014	10.0	103,340	-	-	-	103,340
	12 Aug 2015	100.0	-	47,204	-	-	47,204
T Simmons	6 Jan 2012	75.0	13,960	-	(13,960)	-	-
	20 May 2013	47.0	41,880	-	-	-	41,880
J Lancaster	23 July 2007	43.2	45,880	-	-	-	45,880
	18 Feb 2008	34.0	170,587	-	(152,932)	-	17,655
	31 Jan 2014	40.0	8,000	-	-	-	8,000
	12 Aug 2015	100.0	-	23,602	-	-	23,602
W Christie	20 May 2013	47.0	8,560	-	-	-	8,560
	12 Aug 2015	100.0	-	47,204			47,204

5. TAXATION ON ORDINARY ACTIVITIES

The tax charge comprises:

	2016 £'000	2015 £'000
(a) Current tax:		
In respect of the year:		
UK Corporation tax	107	-
Adjustment in respect of prior years	(23)	-
Foreign tax	1,681	1,063
Total current tax	**1,765**	**1,063**
Deferred tax (Notes 6 and 7)	256	137
TAX ON PROFIT ON ORDINARY ACTIVITIES	**2,021**	**1,200**
(b) Reconciliation of tax charge to profit per income statement:		
Profit before taxation	6,840	4,202
Taxation at UK corporation tax rate of 20%	1,368	946
Effects of:		
Expenses not deductible for tax	29	2
Deduction for options exercised	(10)	(4)
Capital allowances in excess of depreciation	(25)	82
UK and overseas taxes at differing rates	366	37
Adjustment in respect of prior years	37	-
Deferred tax	256	137
TOTAL TAX (note 5a)	**2,021**	**1,200**

6. DEFERRED TAX ASSETS

	Share based payment £'000	Other timing differences £'000	Overseas tax losses £'000	Total £'000
CURRENT YEAR				
At 1 February 2015	31	176	112	319
Credit / (charge) to the income statement	84	(171)	(112)	(200)
AT 31 JANUARY 2016	**115**	**5**	-	**119**
PRIOR YEAR				
At 1 February 2014	53	89	217	359
Credit / (charge) to the income statement	(22)	87	(105)	(40)
AT 31 JANUARY 2015	**31**	**176**	**112**	**319**

There are unused tax losses carried forward within the Group of £1.79m for which no deferred tax asset has been recognised (2015: £1.49m).

7. DEFERRED TAX LIABILITY

	Other timing differences £'000	Total £'000
CURRENT YEAR		
At 1 February 2015	115	115
Charge to the income statement	56	56
AT 31 JANUARY 2015	**171**	**171**
PRIOR YEAR		
At 1 February 2014	18	18
Charge to the income statement	97	97
AT 31 JANUARY 2016	**115**	**115**

8. DIVIDENDS

	2016 £'000	2015 £'000
Equity dividends on ordinary shares	3,450	2,000

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold improvement £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
CURRENT YEAR					
Cost					
At 1 February 2015	1,527	1,043	255	2,911	5,736
Additions	544	229	34	389	1,196
Disposals	(7)	(23)	-	(40)	(70)
AT 31 JANUARY 2016	**2,064**	**1,249**	**289**	**3,260**	**6,862**
Depreciation					
At 1 February 2015	555	749	73	2,503	3,880
Charge for the year	234	133	59	263	689
Disposals	(2)	(11)	-	(26)	(39)
AT 31 JANUARY 2016	**787**	**871**	**132**	**2,740**	**4,530**
Net Book Value					
At 1 February 2015	972	294	182	408	1,856
AT 31 JANUARY 2016	**1,277**	**378**	**157**	**520**	**2,332**
PRIOR YEAR					
Cost					
At 1 February 2014	1,242	974	272	2,783	5,271
Additions	396	128	164	235	923
Disposals	(111)	(59)	(181)	(107)	(458)
AT 31 JANUARY 2015	**1,527**	**1,043**	**255**	**2,911**	**5,736**
Depreciation					
At 1 February 2014	433	659	177	2,226	3,495
Charge for the year	205	148	73	384	810
Disposals	(83)	(58)	(177)	(107)	(425)
AT 31 JANUARY 2015	**555**	**749**	**73**	**2,503**	**3,880**
Net Book Value					
At 1 February 2014	809	315	95	557	1,776
AT 31 JANUARY 2015	**972**	**294**	**182**	**408**	**1,856**

The company did not hold any property, plant and equipment.

10. INTANGIBLE ASSETS

	Software £'000
CURRENT YEAR	
At 1 February 2015	412
Purchase of intangible assets	590
Amortisation	(233)
AT 31 JANUARY 2016	**769**
PRIOR YEAR	
At 1 February 2014	-
Purchase of intangible assets	412
AT 31 JANUARY 2015	**412**

The company did not hold any intangible assets.

11. INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary undertakings £'000
CURRENT YEAR	
Cost and Net book value	
At 1 February 2015	2,123
Capital contribution	24
Investments	398
AT 31 JANUARY 2016	**2,545**
PRIOR YEAR	
Cost and Net book value	
At 1 February 2014	1,879
Capital contribution	15
Investments	229
AT 31 JANUARY 2015	**2,123**

11. INVESTMENTS IN SUBSIDIARIES (continued)

SUBSIDIARIES	Country of registration	Holding	%	Principal Activity
Air Charter Service plc	England	Ordinary shares	100%	Leasing and chartering aircraft
ACS Air Charter Service (Canada) Corp.	Canada	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service GmbH	Germany	Ordinary shares	100%	Leasing and chartering aircraft
ACS Servico de Afretamento Aero Ltda	Brazil	Ordinary shares	100%	Leasing and chartering aircraft
Kingston Aviation Holdings Limited	England	Ordinary shares	100%	Dormant
Air Charter Service LLC	Russia	Ordinary shares	75%	Leasing and chartering aircraft
Air Charter Service Inc	USA	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service California Inc	USA	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service FZCO	Dubai	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service (HK) Ltd	Hong Kong	Ordinary shares	100%	Leasing and chartering aircraft
Air Global Business Services (Beijing) Co. Ltd	China	Ordinary shares	100%	Leasing and chartering aircraft
ACS España Servicios de Charter Aéreo SLU	Spain	Ordinary shares	100%	Leasing and chartering aircraft
Aircraft Chartering Services SAS	France	Ordinary shares	100%	Leasing and chartering aircraft
ACS Air Charter (Pty) Limited	S Africa	Ordinary shares	100%	Leasing and chartering aircraft
ACS Air Charter Service India Private Ltd	India	Ordinary shares	74%	Leasing and chartering aircraft
Air Charter Service (ACS) Switzerland SA	Switzerland	Ordinary shares	100%	Leasing and chartering aircraft
ACS (Texas) Air Charter Service Inc	USA	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service (Florida) Inc	USA	Ordinary shares	100%	Leasing and chartering aircraft
The Travel Division Ltd	England	Ordinary shares	100%	Travel Agency
Air Charter Service (Aust) Pty Ltd	Australia	Ordinary shares	100%	Leasing and chartering aircraft
Air Charter Service Transport Ltd	England	Ordinary shares	100%	Dormant
Air Charter Service International Ltd	Ireland	Ordinary shares	100%	Dormant
ACS Aircraft Sales Limited	England	Ordinary shares	100%	Dormant
Mountfitchet Risk Solutions Limited	England	Ordinary shares	67%	Dormant
Held by Kingston Aviation Holdings Limited: Air Charter Service Trustee Company Ltd	England	Ordinary shares	100%	Trustee Company
Held by Air Charter Service plc: Air Courier Service Limited	England	Ordinary shares	100%	Dormant
Held by Air Charter Service LLC: Air Charter Service Kazakhstan LLP	Kazakhstan	Ordinary shares	75%	Leasing and chartering aircraft

The funding arrangements for subsidiaries are generally arranged through the group's holding company Air Charter Service Group Ltd. The Directors have considered the carrying value of the company's investments in its subsidiaries at the year end having taken account of the net assets of each subsidiary, current trading activity and forecast future results. Based on the results of this review, they have recognised an impairment within the carrying value of certain of the investments of £637,000 (2015: £637,000) and a provision against loans due from subsidiaries of £861,000 (2015: £864,000). This impairment does not impact upon the consolidated income statement of the group.

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade receivables	25,006	21,526	-	-
Amounts owed by Group undertakings	-	-	568	-
Other debtors	872	742	-	-
Prepayments and accrued income	4,183	3,984	-	110
	30,061	**26,252**	**568**	**110**

No interest is charged on receivables. The trade receivables amount shown is net of £161,000 allowance for doubtful debts (2015: £212,000). The directors consider the carrying amount of receivables approximates to their fair value.

13. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	6,257	7,299	-	-
Amounts owed to Group undertakings	-	-	243	331
Other taxation and social security	358	296	-	-
Accruals and deferred income	27,593	22,021	-	-
Other creditors	218	43	-	-
	34,426	**29,659**	**243**	**331**

The directors consider the carrying amount of payables approximates to their fair value.

14. PROVISIONS

	Total £'000
CURRENT YEAR	
At 1 February 2015	182
Increase in provisions	17
AT 31 JANUARY 2016	**199**
PRIOR YEAR	
At 1 February 2014	182
AT 31 JANUARY 2015	**182**

The provision relates to the restoration of leasehold properties, principally the UK head office in Surrey, upon which the lease expires in 2025 which is when the restoration costs can reasonably be expected to be paid out. The head office lease includes a break clause in 2019, which could result in restoration costs being incurred at this earlier stage. The provision has been estimated through consultation with an external construction firm.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are bank balances, trade and other receivables, trade and other payables. The Group holds financial instruments in order to finance its operations, manage exposure to related risks and to ensure that adequate levels of working capital exist for the ongoing business.

Capital management

The Group's objectives when managing capital (ie equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Credit risk

Credit risk predominantly arises from trade receivables, cash and deposits with banks. The level of credit provided to customers is reviewed on a regular basis by the directors. Internal procedures for providing credit terms take account of external credit agency information, the customer's reputation in the industry and past trading experience. Given that the majority of sales are settled in advance of operation, the Group has no significant concentrations of credit risk and the group's exposure to bad debt has not been significant historically.

The trade receivables balance set out in note 12 above includes £18.9 million (2015: £16.4 million) relating to sales invoiced in advance of carriage, with a corresponding balance included within deferred income. The remaining balance of £6.1 million (2015: £5.1 million) represents trade receivables in relation to charters operated in the period, no significant amounts being past due at the balance sheet date.

AS A GLOBAL ORGANISATION WE ARE GUIDED BY BOTH OUR CORPORATE VALUES AND ETHICAL POLICIES.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The finance function produces regular forecasts of expected cash inflows and outflows, which are reviewed at Board level. The Group aims to manage liquidity by ensuring that cash is collected efficiently, also by placing excess cash on low risk, short term interest bearing deposits. Investment of cash surpluses are made through banks which must fulfil credit rating criteria approved by the directors.

The Group has an overdraft facility and a $7.5m short term trade loan facility with Barclays Bank plc (2015: $7.5m) for the purpose of funding credit sales to government departments, relief and charitable organisations. No amounts were drawn down at the balance sheet date. Amounts included in note 13 above mature within six months of the balance sheet date.

Foreign currency risk

The Group buys and sells services denominated principally in Sterling, US Dollars and Euros and as a result financial instruments can be affected by movements in exchange rates. The Group aims to minimise exposure to foreign currency risk by matching sales and purchases in the same currency where possible. The Group also makes use of foreign exchange markets in order to maintain an appropriate mix of foreign currency bank balances for use within the business. The breakdown of cash and cash equivalents at the balance sheet date was as follows:

CURRENCY	2016 Local ('000)	2016 Closing rate	2016 GBP (£'000)	2015 Local ('000)	2015 Closing rate	2015 GBP (£'000)
US Dollars	4,720	1.42	3,324	5,798	1.51	3,840
Euros	3,901	1.31	2,978	1,663	1.33	1,251
GB Pounds Sterling	1,182	1.00	1,881	738	1.00	738
Other various			1,984			1,717
			10,167			**7,546**

Foreign currency risk sensitivity analysis

The Group's principal foreign currency exposures are on cash and cash equivalents denominated in US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported operating profit to a 10% increase and decrease in the US Dollar/Sterling and Euro/Sterling exchange rates at the year end, showing the effect of a revaluation of cash and cash equivalents:

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2016 Closing rate	2016 Adjusted rate	2016 Effect (£'000)	2015 Closing rate	2015 Adjusted rate	2015 Effect (£'000)
Sterling strengthens by 10%						
US Dollar	1.42	1.56	(302)	1.51	1.66	(349)
Euro	1.31	1.44	(271)	1.33	1.46	(114)
Sterling weakens by 10%						
US Dollar	1.42	1.28	369	1.51	1.36	427
Euro	1.31	1.18	331	1.33	1.20	139

16. OPERATING LEASE ARRANGEMENTS

The Group had the following minimum discounted outstanding commitments under non-cancellable operating leases which fall due:

LAND & BUILDINGS	2016 £'000	2015 £'000
Within 1 year	1,452	1,231
Within 2 to 5 years	3,949	3,198
Over 5 years	1,073	1,367
	6,474	**5,796**

AIRCRAFT LEASES	2016 £'000	2015 £'000
Within 1 year	-	1,576

Payments for land & buildings represent rental charges for office accommodation.

17. CALLED UP SHARE CAPITAL

AUTHORISED SHARE CAPITAL:	2016 £'000	2015 £'000
100,000,000 Ordinary shares of £0.01 each	1,000	1,000

ALLOTTED, CALLED UP AND FULLY PAID:	No.	2016 £'000	No.	2015 £'000
Ordinary shares of £0.01 each	23,602,092	236	23,602,092	236

18. OWN SHARES

On 30 June 2011, Air Charter Service Group Ltd set up a trust. Ordinary shares in Air Charter Service Group Ltd were held by the Trustees for the purpose of satisfying options granted by group companies to their employees. The costs associated with the purchase of the shares for the Trust are deducted from equity.

The trust is authorised to acquire shares from existing employee shareholders within the parameters required to satisfy options granted by, or intended to be granted by, the Group to its employees. The trust is not intended to sell shares to employees and no sales of shares were made to employees in the period, other than to satisfy the exercise of options. During the year, 84,492 Ordinary shares were purchased from existing employee shareholders. Of these shares, 42,300 were purchased from directors of Air Charter Service Group Ltd for consideration of £64,296 (2015: nil). At 31 January 2016, the Trust held 116,334 Ordinary shares in Air Charter Service Group Ltd.

19. SHARE-BASED PAYMENTS

Equity based share options

The parent company, Air Charter Service Group Ltd, set up a share option scheme for the benefit of employees on 23 July 2007. The options in this scheme vest on the third anniversary of grant. Options lapse if the employee leaves the company prior to exercise. There are no performance or market conditions associated with the share options. Details of the scheme are as follows:

GRANT DATE	Exercise price (Pence)	Held at 31 January 2015 No.	Granted during year No.	Exercised during year No.	Expired, lapsed or cancelled No.	Held at 31 January 2016 No.	Remaining life Years
23 July 2007	43.2	324,205	-	22,520	4,280	297,405	1.5
18 February 2008	34.0	807,942	-	247,029	-	560,913	2.0
18 June 2010	55.0	325,829	-	40,000	-	285,829	4.5
6 January 2012	75.0	86,920	-	32,200	-	54,720	6.0
20 May 2013	47.0	95,480	-	-	-	95,480	7.3
31 January 2014	40.0	200,000	-	-	-	200,000	8.0
31 January 2014	10.0	109,954	-	-	-	109,954	8.0
12 August 2015	100.0	-	188,316	-	-	188,816	9.5
TOTAL		**1,950,330**	**188,816**	**341,749**	**4,280**	**1,793,117**	

The closing weighted average exercise price of the options was 47.0p (2015: 40.81p). The number of options available to staff to exercise at the year-end amounted to 1,198,867 (2015: 1,544,896) and the weighted average exercise price of options exercisable at the year-end was 43.2p (2015: 42.7p).

The cost of services received in respect of the share options in the scheme above is measured as the fair value of the options granted and the cost is spread over the vesting period. The total charge for the year relating to the employee share based plan was £24,000 (2015: £15,000). The fair values were calculated using the Black-Scholes valuation method and the inputs to the model were as follows:

OPTIONS GRANTED ON 23 JULY 2007

Fair value	13.4 pence
Weighted average share price	47.0 pence
Expected volatility	30%
Expected life	3.5 years
Risk free rate	5.5%

OPTIONS GRANTED ON 18 FEBRUARY 2008

Fair value	11.0 pence
Weighted average share price	38.0 pence
Expected volatility	30%
Expected life	3.5 years
Risk free rate	5.3%

OPTIONS GRANTED ON 18 JUNE 2010

Fair value	21.0 pence
Weighted average share price	61.0 pence
Expected volatility	50%
Expected life	5.0 years
Risk free rate	3.5%

OPTIONS GRANTED ON 6 JANUARY 2012

Fair value	16.0 pence
Weighted average share price	83.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.2%

OPTIONS GRANTED ON 20 MAY 2013

Fair value	10.0 pence
Weighted average share price	52.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.5%

OPTIONS GRANTED ON 31 JANUARY 2014

Fair value	8.0 pence
Weighted average share price	35.0 pence
Expected volatility	30%
Expected life	5.0 years
Risk free rate	2.5%

OPTIONS GRANTED ON 12 AUGUST 2015

Fair value	41.0 pence
Weighted average share price	152.0 pence
Expected volatility	20%
Expected life	3.0 years
Risk free rate	2.5%

The expected volatility is based on the historic volatility of a listed company in the same sector as the Group.

20. RELATED PARTY TRANSACTIONS

The company had the following balances with Group undertakings at the year end:

	2016 £'000	2015 £'000
Amounts owed to Group undertakings	(243)	(331)
Amounts due from Group undertakings	568	-

The remuneration of the directors who are the key management personnel of the Group is set out in note 4. The Company received dividends of £3.9 million during the year from its subsidiary companies (2015: £3.2 million).

The directors received dividends during the year of £3.2m (2015: £1.9m).

There were 18 other staff members who received dividends during the year, having exercised share options previously held under the share option scheme set out in note 19. There were 35 staff members in the share option scheme at 31 January 2016.

21. CONTINGENT LIABILITIES

The Group operates in various overseas jurisdictions, some of which are less well developed, from a fiscal perspective, than others. The directors have structured the Group's activities to manage its exposure to such evolving legal and fiscal frameworks and thus far during the Group's expansion there have been no material unexpected exposures. The directors consider that challenge by relevant fiscal authorities is possible, but this cannot be predicted and no provision has been made for contingent liabilities of which directors are not aware.

22. EXCEPTIONAL ITEMS

Exceptional costs of £240,000 were incurred during the year relating to advisor's fees in connection to the investigation of a number of M&A opportunities.

23. CONTROLLING PARTY

The company was under the control of its directors Christopher Leach and Christine Leach (together the majority shareholders) throughout the current and previous year.

24. POST BALANCE SHEET EVENTS

Effective 1st February 2016, a new holding company, Mountfitchet Group Limited, acquired the share capital of Air Charter Service Group Limited through a share for share exchange. Effective 1st April 2016, Mountfitchet Group Limited acquired the share capital of The Travel Division Limited, ACS Aircraft Sales Ltd and Mountfitchet Risk Solutions, from Air Charter Service Group Limited, at book value.

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