

Company Registration No. 02027063 (England and Wales)

HUNT AND PALMER PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

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HUNT AND PALMER PLC

DIRECTORS AND ADVISERS

Directors	P R Hunt J S Martin J F Palmer S Edwards N Harvey M Jenkinson
Secretary	M Jenkinson
Company number	02027063
Registered office	29-30 Fitzroy Square London W1T 6LQ
Registered auditors	Goodman Jones LLP 29-30 Fitzroy Square London W1T 6LQ
Business address	The Tower, Goffs Park Road Crawley RH11 8XX
Bankers	National Westminster Bank plc 125 Great Portland Street London W1A 1GA

HUNT AND PALMER PLC

CONTENTS

	Page
Strategic report	1 - 5
Directors' report	6 - 7
Independent auditors' report	8 - 9
Consolidated profit and loss account	10
Statement of recognised gains and losses	11
Balance sheets	12
Consolidated cash flow statement	13
Notes to the consolidated cash flow statement	14
Notes to the financial statements	15 - 30

HUNT AND PALMER PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present the strategic report and financial statements for the year ended 31 December 2013.

BUSINESS REVIEW

Group Overview

Hunt & Partner is an international trading organisation whose core business activity is that of an aircraft charter broker, concerned with sourcing of third party passenger and cargo aircraft through approved operators around the world.

The Group enjoys a diverse portfolio of clients, including private individuals, corporate entities, government departments and NGO's and delivers its services through a growing network of satellite offices, subsidiary entities and GSA partners in the UK, Europe, Asia, Australia and the USA.

Aircraft charter brokers act as intermediaries within the aviation industry between end user and the equipment operator, utilising their skills in the ad-hoc markets where the flexibility of travel by senior executives and HNW individuals or a sudden surge in the demand for air transport movements in response to unforeseen circumstances such as disasters and emergencies, require a high level of experience and expertise to secure the right aircraft at the right price within a narrow time frame.

Other commercial interests of the Group include business travel agency activities through a joint venture with corporate partner CTT Group¹ and the DMC² representation services of its subsidiary HPMS Ltd³ a former associate company that was acquired during the period from Peter Hunt, Jeremy Palmer and Jamie Martin. These ancillary projects presently account for just a small proportion of the group's overall revenues.

The Directors consider that in terms of revenue and organisational structure, Hunt & Palmer is presently placed as the number four broking company in the UK. There are however around seventy other brokerages currently active in the country to some degree or other and these are generally considerably smaller entities, often with just one or two staff operating from a SOHO³ type setup.

The Group currently employs 55 staff across the group (29 male and 26 female) and in addition retains under contract a number of independent GSA's providing sales and promotional activities in several overseas locations. For the year ending 31 December 2013, the company appointed a total of seven staff and had four leavers thereby increasing the overall headcount in the period by three. The average length of service for employees during the period, excluding the Directors, is 5.75 years.

Performance

Trading conditions throughout the 2013 period have been challenging and we have seen revenues decrease by around 24% on 2012. The effect of this is reflected in the reported profits and this occurrence represents a disappointing backwards slide from the position at the previous year end when the Directors were able to show in their annual report business growth of around 3.6% for the group overall.

¹ Hunt & Palmer Travel Services Ltd

² Abbr. for term Destination Management Company

³ Acronym for Small office/Home Office

HUNT AND PALMER PLC

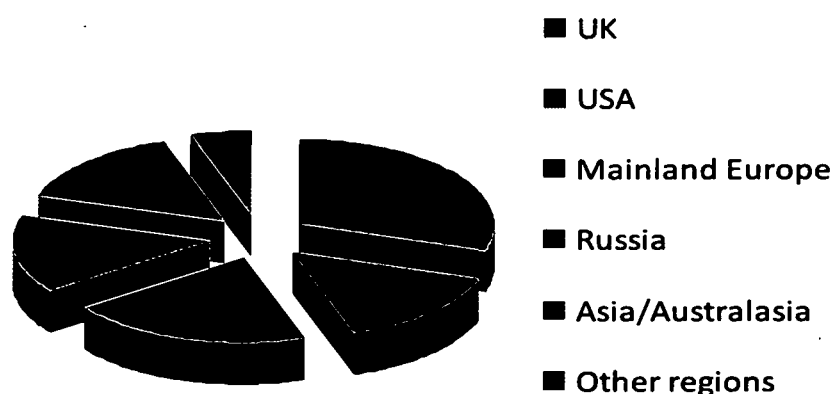
STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

In reviewing the financial performance of the Group during the period it should also be noted that the consolidated profit & loss statement shows an operating profit of £9,928 which is a reduced figure as a result of a decision by the Parent Company to award share options to key members of its management team under the Company's EMI scheme at a cost £125,191.00. The consolidated profit for the year of £1.3million includes proceeds from the sale of the Group's 24% shareholding in Driven Worldwide Ltd.

Across most sectors, enquiry levels fell during the period, although the 'enquiry to booking ratio' has remained constant. In what has been considered a buyers market, margins have been pushed down even further, with some competitors choosing to quote nett rates to clients in order to maintain a level of turnover. Within the Euro zone continued uncertainty over the future of the single currency and imposed financial austerity measures in key member states served to stifle any immediate recovery in Europe and limited demand for many of the Group's services.

Geographical analysis of client base during the period



The Commercial Aviation division was particularly hard hit as a result with the Conference and Incentive industry, a significant market for the company's services, still reeling from the impact of the 2009 global recession, struggled to recover ground. Consequently the requirement for larger capacity commercial airliners reduced further. However, retention of key major contracts for the 2013 summer and winter seasons together with the award of several contracts for the Winter Olympics 2014 and other core business activities enabled the division to trade through the downturn.

The demand for private jets from both corporate and HNW clients throughout the period remained fairly static however the pressures of this highly competitive market once again served to reduce the margins attainable. Notwithstanding this, the Executive Aviation division was able to retain its key accounts across all sectors and through concerted sales efforts achieved a good level of repeat business in several markets including maintaining a steady demand for services from US corporate clients

HUNT AND PALMER PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

In other areas the Asian markets failed to produce the anticipated levels of charter business anticipated during the period. As the emerging economies of China and India stalled, questions and concerns were raised by leading commentators about the sustainability of the growth seen in these countries in the last few years. The Directors consider this regional downturn to be a temporary set back and have subsequently pledged the Company's continued support of its Hong Kong and Indian subsidiaries during the next period.

More positively Hunt & Palmer Cargo Charters Ltd, the group's newest venture, enjoyed a notable degree of success during the period and grew its business by some 300% over the previous year. In a marked difference to the trend effecting passenger charter activities, a significant proportion of the cargo business originated in the Asian markets and this is deemed likely to continue. Post year end it is apparent that the entity has turned into profit a full 12 months earlier than expected and this achievement has served to endorse the Board's conclusion in 2011 for the need to incorporate a freight division within the group.

The fiscal problems associated with mainland Europe during 2013 adversely impact on the business of group subsidiary Premier Aviation (UK) Ltd, with several high profile rock and pop tours failing to take place. These acts cancelled their plans after expressing concerns that ticket sales would fall far short of the revenue levels required, believing that the much hyped austerity measures in Europe would reduce people's disposable income and their willingness to spend money on such events. Nevertheless, although less than previously projected, a significant contribution was made by Premier Aviation to the group figures in the period.

Looking ahead into the 2014 period the Group has enjoyed its best first quarter since 2011 with a noticeable upturn in business across all sectors and early indications are that this trend will continue.

A review of the sales operations by an independent consultant previously commissioned by the Board was completed in 2013 and the report published. One of the key recommendations highlighted therein was the need to appoint a senior person to head up and manage the group's sales activity. In January 2014, acting on this recommendation, the Board appointed David Macdonald, as Director of Group Sales, a position that the Directors consider to be fundamental for the future successful growth of the business. Since the appointment, plans have been initiated to significantly enhance the present sales force and introduce a number of sales campaigns aimed at targeting key markets and regions in which the Group is active.

The drivers of the aircraft charter business are linked to general economic growth. The Directors believe that as recovery gathers apace, confidence will return to the markets and the demand for private air travel will subsequently increase.

KPIs

The Directors have agreed the following KPI's which will be used to measure performance during the forthcoming financial period.

1. Financial

In recognition that the business needs to take advantage of the growing economic recovery, the Board have identified the need to invest in certain areas of the Group's operations in order to stimulate growth. To ensure that funds are properly managed and that such monies be available when required, it is therefore important that all departments continue to observe reasonable levels of financial restraint when submitting their budgets for the period and managers will be expected to deliver the service levels required within those financial parameters.

HUNT AND PALMER PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The Board will regularly evaluate the financial performance of all sections during the period to ensure that the Group is achieving these objectives.

2. Clients

The Directors are pleased to note that the Group continues to enjoy a significant level of client retention and repeat business despite the increasingly competitive trading environment in most of the markets in which it operates. However the Board considers that the retention of existing clients and the acquisition of new or dormant ones are fundamental for the success of the Group and have identified these as being key factors for the growth of the business.

The Group places considerable importance on maintaining and developing the client relationship and in consultation with the Director of Group Sales, the Board have set what it considers to be attainable targets in both of these factors for the coming year. The Board has also undertaken to review a number of proposed staff incentive plans that it is thought might motivate employees further in this important area of the business.

The Directors understand the importance of CRM technology in respect of the client relationship and during the 2013 period made further investment to the development of the Group's in-house systems and made available additional training resources for staff in this respect. The Board will be monitoring these areas during the forthcoming period to determine the level of return realised on that investment and will be evaluating both the software and procedures used to ascertain if further resources are required.

3. Employees

The Group is proud of its investment in Human Resources and managers are actively encouraged by the Board to develop and maintain good relations with their staff and other employees. The Directors consider that the Group has an excellent record as a good and responsible employer and believe this can be measured through

- Excellent staff retention
- Sickness absences below the National average
- Low occurrences of disciplinary or grievance matters

The Directors have put in place the necessary training and development policies needed to encourage staff to further their careers and skills within the organisation and thereby feel they are a valued member of the workforce.

The Board is proud to note that the Parent Company holds Investors in People Bronze accreditation and management strive to ensure that the criteria of that award are consistently met. Success in the Investors in People accreditation is held up by the Directors as a Performance Indicator of success in this important area and the Board is committed to raising the accreditation standard at the next review by the awarding authority.

HUNT AND PALMER PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

Risks

1. Competition

As noted in the Overview above, there are presently in excess of seventy aircraft charter brokers active in the UK alone with a good many more in mainland Europe and other overseas locations. This number has risen significantly in the last ten years and with few, if any, barriers to entry to the charter broking market it is likely that these numbers will continue to increase.

The majority of such businesses are sole trader or SME start-up operations who often lack the experience and resources necessary to fulfil the more complex flight requests. As a consequence these small brokerages tend to concentrate their sales efforts on the private individual travellers and any specialist sectors in which they may have previous working experience, some of which are core markets for the Group.

The nature of the business model adopted by these new entrants means that their operating overheads are necessarily lower than that of the larger and more established firms with a resultant ability and willingness to provide broking services at a margin significantly below traditional expectations, thereby forcing a highly competitive buyers market. At the same time, the poor standards of broking demonstrated by many of these micro-enterprises do little to enhance the reputation of the broking profession in general.

2. Internet and online broking

There is a new wave of online broking companies entering the UK market, several of whom have expressed their intention to put the traditional brokers out of business. So far these entities appear to be offering little innovation beyond the online portal allowing the client to obtain a quote and make a booking without ever speaking to a person.

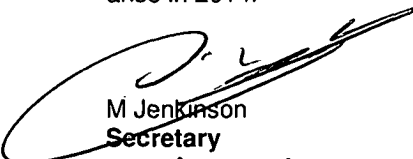
Although this model may appeal to certain clientele the Directors do not see this model as a significant threat to business at this time. However this does represent further competition in an already crowded market and the Directors are mindful of the need to maintain a high profile and strong market presence in order to combat any possible inroads that these companies may make into the traditional charter business.

3. Global financial markets

As already noted herein, the air charter business is susceptible to the peaks and troughs of the world economies. The Group has successfully emerged from the recent global recession however there are still some concerns that markets are a long way from full recovery. The Directors recognise that the business must be ready for any future economic crisis and intend to ensure that the Group maintains its strong financial position and ability to react positively to sudden changes in trading conditions.

Conclusion

The Directors are pleased to report that the business remains profitable across the Hunt & Palmer group and that despite the difficult trading conditions of the period already discussed, the Group is in a strong position to take advantage of the opportunities likely to arise in 2014.



M Jenkinson
Secretary

13 June 2014

HUNT AND PALMER PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Results and dividends

The consolidated profit and loss account for the year is set out on page 10.

An interim ordinary dividend was paid amounting to £1,293,500. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2013:

P R Hunt
J S Martin
J F Palmer
S Edwards
N Harvey
M Jenkinson

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Financial instruments

The company uses financial instruments comprising borrowings and various net working capital items such as trade debtors and trade creditors to finance operations not funded by way of equity. The main risks identified with using these financial instruments is the management of cash flow and exposure to interest rate and currency rate fluctuations. The directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook affecting global markets generally and that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the accounts are prepared on a going concern basis.

Auditors

The auditors, Goodman Jones LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

HUNT AND PALMER PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of directors' responsibilities

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

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

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

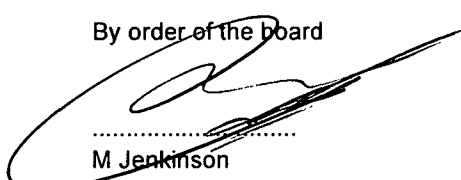
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply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

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



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M Jenkinson

Secretary

18 June 2014

HUNT AND PALMER PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HUNT AND PALMER PLC

We have audited the group and parent company financial statements (the "financial statements") of Hunt and Palmer Plc for the year ended 31 December 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. 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 auditors' 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 auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

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

HUNT AND PALMER PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HUNT AND PALMER PLC

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.



Maurice Austin (Senior Statutory Auditor)
for and on behalf of Goodman Jones LLP

19-6-2014

Chartered Accountants
Statutory Auditor

29-30 Fitzroy Square
London
W1T 6LQ

HUNT AND PALMER PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	34,471,629	40,852,628
Cost of sales		(29,889,193)	(35,803,970)
Gross profit		4,582,436	5,048,658
Administrative expenses		(4,572,508)	(4,872,296)
Operating profit	3	9,928	176,362
Income from interests in associated undertakings	7	38,305	26,000
Investment income	4	1,285,867	324
Other interest receivable and similar income		652	3,591
Interest payable and similar charges	5	(461)	(118)
Profit on ordinary activities before taxation		1,334,291	206,159
Tax on profit on ordinary activities	6	(66,962)	(63,067)
Profit on ordinary activities after taxation		1,267,329	143,092

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HUNT AND PALMER PLC

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
Profit for the financial year	1,267,329	143,092
Currency translation differences on foreign currency net investments	9,629	2,674
Total recognised gains and losses relating to the year	<u>1,276,958</u>	<u>145,766</u>

HUNT AND PALMER PLC

BALANCE SHEETS

AS AT 31 DECEMBER 2013

		Group		Company	
	Notes	2013	2012	2013	2012
		£	£	£	£
Fixed assets					
Intangible assets	9	289,083	306,088	-	-
Tangible assets	10	118,972	140,321	112,003	133,227
Investments	11	2,672	10,672	768,439	740,591
		<u>410,727</u>	<u>457,081</u>	<u>880,442</u>	<u>873,818</u>
Current assets					
Debtors	12	3,497,687	3,195,036	3,173,320	2,975,129
Cash at bank and in hand		2,130,692	1,949,983	1,574,496	1,173,774
		<u>5,628,379</u>	<u>5,145,019</u>	<u>4,747,816</u>	<u>4,148,903</u>
Creditors: amounts falling due within one year	13	(4,532,573)	(4,209,211)	(4,138,308)	(3,632,538)
Net current assets		<u>1,095,806</u>	<u>935,808</u>	<u>609,508</u>	<u>516,365</u>
Total assets less current liabilities		<u>1,506,533</u>	<u>1,392,889</u>	<u>1,489,950</u>	<u>1,390,183</u>
Provisions for liabilities	14	(20,157)	(15,412)	(20,157)	(20,157)
		<u>1,486,376</u>	<u>1,377,477</u>	<u>1,469,793</u>	<u>1,370,026</u>
Capital and reserves					
Called up share capital	17	50,001	50,001	50,001	50,001
Profit and loss account	18	1,436,125	1,327,476	1,419,792	1,320,025
Shareholders' funds	20	<u>1,486,126</u>	<u>1,377,477</u>	<u>1,469,793</u>	<u>1,370,026</u>
Minority interests	19	250	-	-	-
		<u>1,486,376</u>	<u>1,377,477</u>	<u>1,469,793</u>	<u>1,370,026</u>

Approved by the Board and authorised for issue on 11 June 2014


J F Palmer
Director

Company Registration No. 02027063

HUNT AND PALMER PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
£	£	£
Net cash inflow/(outflow) from operating activities	339,549	(194,360)
Returns on investments and servicing of finance		
Interest received	652	3,591
Interest paid	(461)	(118)
Dividends received	347	324
Net cash inflow for returns on investments and servicing of finance	538	3,797
Taxation	(61,167)	(65,439)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(7,826)	(12,873)
Receipts from sales of tangible assets	(65)	(182)
Receipts from sales of investments	1,293,520	-
Net cash inflow/(outflow) for capital expenditure	1,285,629	(13,055)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(10,000)	-
Sale of subsidiary undertakings (net of cash acquired)	250	-
Net cash outflow for acquisitions and disposals	(9,750)	-
Equity dividends paid	(1,293,500)	-
Net cash inflow/(outflow) before management of liquid resources and financing	261,299	(269,057)
Increase/(decrease) in cash in the year	261,299	(269,057)

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		2013	2012
			£	£
	Operating profit		9,928	176,362
	Depreciation of tangible assets		29,059	35,903
	Amortisation of intangible assets		17,005	17,005
	Loss on disposal of tangible assets		121	182
	(Increase)/decrease in debtors		(289,352)	93,506
	Increase/(decrease) in creditors		437,908	(545,601)
	Net effect of foreign exchange differences		9,689	2,641
	Other reserve movement		125,191	25,642
	Net cash inflow/(outflow) from operating activities		339,549	(194,360)

2	Analysis of net funds	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,949,983	180,709	-	2,130,692
	Bank overdrafts	(80,590)	80,590	-	-
	Net funds	1,869,393	261,299	-	2,130,692

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		£	£
	Increase/(decrease) in cash in the year	261,299	(269,057)
	Movement in net funds in the year	261,299	(269,057)
	Opening net funds	1,869,393	2,138,450
	Closing net funds	2,130,692	1,869,393

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Based on projections to 31 December 2014, the company has adequate working capital resources to meet its operational needs and accordingly the directors consider it appropriate to continue to use the going concern basis in the preparation of the financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable UK accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2013.

1.4 Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet.

1.5 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. The full value of the sale is recognised at the flight date when the full economic benefit has been deemed to have passed on to the customer.

1.6 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% Reducing balance
Motor vehicles	25% Reducing balance

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Pensions

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the group's assets.

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

(Continued)

1.11 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Share-based payments

The group has issued share options to certain directors. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2013 £	2012 £
Geographical segment		
United Kingdom	18,406,230	17,645,415
Europe	1,945,201	6,388,733
Rest of World	14,120,198	16,818,480
	<u>34,471,629</u>	<u>40,852,628</u>

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

3	Operating profit	2013	2012
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	17,005	17,005
	Depreciation of tangible assets	29,059	35,903
	Loss on disposal of tangible assets	121	182
	Loss on foreign exchange transactions	61,376	75,278
	Operating lease rentals	61,364	73,440
	Auditors' remuneration:		
	Audit of the parent company	36,500	21,750
	Audit of subsidiary companies	10,000	8,250
	Under/(over) provision in respect of previous year's audit		
	Tax services	3,100	1,250
	Other services	1,000	5,160
	and after crediting:		
	Profit on foreign exchange transactions	(1,192)	(1,702)
		<u><u> </u></u>	<u><u> </u></u>
 4	 Investment income	 2013	 2012
		£	£
	Income from disposal of unlisted investments	1,285,520	-
	Income from fixed asset investments	347	324
		<u><u> </u></u>	<u><u> </u></u>
 5	 Interest payable	 2013	 2012
		£	£
	On bank loans and overdrafts	424	118
	Other interest	37	-
		<u><u> </u></u>	<u><u> </u></u>
		461	118
		<u><u> </u></u>	<u><u> </u></u>

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	60,473	33,543
	Adjustment for prior years	2,348	-
		<u>62,821</u>	<u>33,543</u>
	Foreign corporation tax		
	Foreign corporation tax	-	29,524
		<u>-</u>	<u>29,524</u>
	Total current tax	<u>62,821</u>	<u>63,067</u>
	Deferred tax		
	Deferred tax charge/credit current year	4,141	-
		<u>4,141</u>	<u>-</u>
		<u>66,962</u>	<u>63,067</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,334,291</u>	<u>206,159</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2012 - 24%)	<u>306,887</u>	<u>49,478</u>
	Effects of:		
	Non deductible expenses	(260,064)	12,686
	Depreciation add back	6,470	6,806
	Capital allowances	(4,268)	(4,680)
	Tax losses generated	1,011	(4,835)
	Tax losses utilised	4	-
	Adjustments to previous periods	2,348	-
	Dividends and distributions received	(13,893)	(24,112)
	Group tax relief	(593)	(13,091)
	Other tax adjustments	24,919	40,815
		<u>(244,066)</u>	<u>13,589</u>
	Current tax charge for the year	<u>62,821</u>	<u>63,067</u>

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2013 £	2012 £
Holding company's profit for the financial year	1,268,076	158,390

8 Dividends

	2013 £	2012 £
Ordinary interim paid	1,293,500	-

9 Intangible fixed assets Group

	Goodwill £
Cost	
At 1 January 2013 & at 31 December 2013	340,098
Amortisation	
At 1 January 2013	34,010
Charge for the year	17,005
At 31 December 2013	51,015
Net book value	
At 31 December 2013	289,083
At 31 December 2012	306,088

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

10 Tangible fixed assets

Group	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2013	464,814	67,009	531,823
Exchange differences	(920)	(690)	(1,610)
Additions	7,826	-	7,826
Disposals	(38,889)	-	(38,889)
At 31 December 2013	432,831	66,319	499,150
Depreciation			
At 1 January 2013	343,498	48,004	391,502
Exchange differences	(1,041)	(509)	(1,550)
On disposals	(38,833)	-	(38,833)
Charge for the year	24,789	4,270	29,059
At 31 December 2013	328,413	51,765	380,178
Net book value			
At 31 December 2013	104,418	14,554	118,972
At 31 December 2012	121,316	19,005	140,321

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

10 Tangible fixed assets

(Continued)

Company	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2013	454,174	62,537	516,711
Additions	6,283	-	6,283
At 31 December 2013	460,457	62,537	522,994
Depreciation			
At 1 January 2013	338,783	44,701	383,484
Charge for the year	23,463	4,044	27,507
At 31 December 2013	362,246	48,745	410,991
Net book value			
At 31 December 2013	98,211	13,792	112,003
At 31 December 2012	115,391	17,836	133,227

11 Fixed asset investments Group

	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 January 2013	2,672	8,000	10,672
Disposals	-	(8,000)	(8,000)
At 31 December 2013	2,672	-	2,672
Net book value			
At 31 December 2013	2,672	-	2,672
At 31 December 2012	2,672	8,000	10,672
	Market value £		Total £
At 31 December 2013	12,248		12,248
At 31 December 2012	9,882		9,882

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

11 Fixed asset investments

(Continued)

Company	Listed investments	Unlisted investments	Shares in group undertakings	Total
	£	£	£	£
Cost				
At 1 January 2013	2,672	8,000	753,389	764,061
Additions	-	-	36,098	36,098
Disposals	-	(8,000)	(250)	(8,250)
At 31 December 2013	2,672	-	789,237	791,909
Provisions for diminution in value				
At 1 January 2013 & at 31 December 2013	-	-	23,470	23,470
Net book value				
At 31 December 2013	2,672	-	765,767	768,439
At 31 December 2012	2,672	8,000	729,919	740,591

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

	Market value	Total
	£	£
At 31 December 2013	12,248	12,248
At 31 December 2012	9,882	9,882

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

11 Fixed asset investments

(Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Hunt & Palmer Cargo Charters Limited	G.B.	Ordinary	75.00
Hunt & Palmer Hong Kong Ltd	Hong Kong	Ordinary	100.00
Hunt & Palmer PTY Ltd	Australia	Ordinary	100.00
Air Charter Corporation Ltd	G.B.	Ordinary	100.00
Hunt & Palmer India Air Charter Pvt Ltd	India	Ordinary	75.00
Premier Aviation (UK) Limited	G.B.	Ordinary	100.00
H&P Inc (USA)	U.S.A	Ordinary	100.00
H P M S Ltd	G.B.	Ordinary	100.00
Other significant interests			
Hunt & Palmer Travel Services Ltd	G.B.	Ordinary	50.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Hunt & Palmer Cargo Charters Limited	Air brokers
Hunt & Palmer Hong Kong Ltd	Air brokers
Hunt & Palmer PTY Ltd	Air brokers
Air Charter Corporation Ltd	Dormant
Hunt & Palmer India Air Charter Pvt Ltd	Air brokers
Premier Aviation (UK) Limited	Air brokers
H&P Inc (USA)	Dormant
H P M S Ltd	Sales representative

During the year the company subscribed for a further 998 ordinary shares of £1 each at par in Hunt and Palmer Cargo Charters Ltd. On 30 December 2013, 25% of the shareholding in Hunt and Palmer Cargo Charters Limited was sold at £1 per share to J Peters, a director of Hunt and Palmer Cargo Charters Limited.

On 1 June 2013, the company acquired 100% shareholding in H P M S Ltd for cash consideration of £35,100, which represents the cash in hand value of the net assets of the company at the acquisition date. At the year end, £25,100 was owed to the directors of H P M S Ltd in respect of share capital acquired.

For the financial year ended 31 March 2013, the subsidiary company H P M S Ltd (company registration no. 04884208), was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

During the year, the company disposed of its 24% investment in Driven Worldwide Ltd for cash consideration of £1,293,520.

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	2,047,897	1,209,124	1,737,982	1,028,017
Amounts owed by group undertakings	-	-	240,513	136,050
Amounts owed by participating interests	65,054	55,330	-	-
Corporation tax	13,299	-	-	-
Other debtors	112,323	92,391	161,054	133,494
Prepayments and accrued income	1,259,114	1,838,191	1,033,771	1,677,568
	<u>3,497,687</u>	<u>3,195,036</u>	<u>3,173,320</u>	<u>2,975,129</u>

13 Creditors : amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	-	80,590	-	72,115
Trade creditors	1,097,590	1,273,175	692,160	1,096,526
Amounts owed to group undertakings	-	-	457,513	572
Corporation tax	92,772	78,423	66,344	59,400
Taxes and social security costs	113,828	136,183	76,423	122,423
Directors-current accounts	25,100	-	25,100	-
Other creditors	38,194	44,828	24,677	30,793
Accruals and deferred income	3,165,089	2,596,012	2,796,091	2,250,709
	<u>4,532,573</u>	<u>4,209,211</u>	<u>4,138,308</u>	<u>3,632,538</u>

14 Provisions for liabilities

Group	Deferred taxation £
Balance at 1 January 2013	15,412
Profit and loss account	4,745
Balance at 31 December 2013	<u>20,157</u>
Company	
Balance at 1 January 2013 & at 31 December 2013	20,157

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

14 Provisions for liabilities

(Continued)

The deferred tax liability is made up as follows:

	Group 2013 £	2012 £	Company 2013 £	2012 £
Accelerated capital allowances	20,157	15,412	20,157	20,157

15 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge of £137,676 (2012: £386,633) represents contributions paid by the company to the fund. At the balance sheet date there are no outstanding contributions.

16 Share-based payment transactions

Hunt & Palmer Plc operates a share option scheme for 3 of its directors. At 31 December 2013 full provision has been made for the estimated value of the options granted (754,164 share options).

During the year, an additional 625,956 options were granted to the same directors. There are no performance criteria linked to their award. No options have yet vested; the option life is a period of 10 years from July 2010. The option price is 1p per share and the agreed market value at date of grant is 21p.

17 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
5,000,100 Ordinary shares of 1p each	50,001	50,001

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

18 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 January 2013	1,327,476
Profit for the year	1,267,329
Share based payment transactions	125,191
Foreign currency translation differences	9,629
Dividends paid	(1,293,500)
Balance at 31 December 2013	<u>1,436,125</u>

Company

	Profit and loss account £
Balance at 1 January 2013	1,320,025
Profit for the year	1,268,076
Share based payment transactions	125,191
Dividends paid	(1,293,500)
Balance at 31 December 2013	<u>1,419,792</u>

19 Minority interests

	2013 £	2012 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	<u>250</u>	<u>-</u>

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

20	Reconciliation of movements in shareholders' funds Group	2013	2012
		£	£
	Profit for the financial year	1,267,329	143,092
	Dividends	(1,293,500)	-
		(26,171)	143,092
	Other recognised gains and losses	9,629	2,674
	Share based payment transactions	125,191	25,642
	Net addition to shareholders' funds	108,649	171,408
	Opening shareholders' funds	1,377,477	1,206,069
	Closing shareholders' funds	1,486,126	1,377,477
		2013	2012
	Company	£	£
	Profit for the financial year	1,268,076	158,390
	Dividends	(1,293,500)	-
	Share based payment transactions	125,191	25,642
	Net addition to shareholders' funds	99,767	184,032
	Opening shareholders' funds	1,370,026	1,185,994
	Closing shareholders' funds	1,469,793	1,370,026

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

21 Financial commitments

Group

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Between two and five years	-	-	409	5,859
In over five years	48,000	43,500	-	-
	<u>48,000</u>	<u>43,500</u>	<u>409</u>	<u>5,859</u>

Company

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Between two and five years	-	-	409	5,859
In over five years	48,000	43,500	-	-
	<u>48,000</u>	<u>43,500</u>	<u>409</u>	<u>5,859</u>

22 Directors' remuneration

	2013	2012
	£	£
Remuneration for qualifying services	969,061	999,172
Company pension contributions to defined contribution schemes	93,450	307,101
	<u>1,062,511</u>	<u>1,306,273</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2012 - 6).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 3 (2012- 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	223,951	215,011
Company pension contributions to defined contribution schemes	-	87,000
	<u>223,951</u>	<u>302,011</u>

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
Administration and sales	55	64

Employment costs

	2013 £	2012 £
Wages and salaries	2,417,523	2,460,189
Social security costs	256,404	289,599
Other pension costs	137,676	386,633
Costs of share option scheme	125,191	25,642
	2,936,794	3,162,063

24 Control

The company is controlled by P R Hunt, J F Palmer and J S Martin.

HUNT AND PALMER PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

25 Related party transactions

Company

The company has taken advantage of the exemption available in accordance with FRS8 'Related party disclosures' not to disclose transactions entered into between two or more members of the group provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Included in debtors at the year end is £73,946 (2012: £17,515) due from Hunt and Palmer India Air Charter Pvt Ltd, a 75% subsidiary of the group. During the year Hunt and Palmer Plc also incurred expenses of £nil (2012: £1,948) on behalf of this subsidiary. Hunt and Palmer Plc provided a deposit to the bank as guarantee for Hunt and Palmer India Air Charter Pvt Ltd; at the year-end the balance held by the bank was £47,192 (2012: £47,192).

During the year, the Hunt and Palmer Cargo Charters Ltd, a 75% subsidiary of the group, provided flight representation services to the parent company Hunt and Palmer Plc totalling £500 (2012 - £nil). Hunt and Palmer Plc provided management services to Hunt and Palmer Cargo Charters Ltd amounting to £4,200 (2012 - £nil). At the year end Hunt and Palmer Cargo Charters Ltd owed Hunt and Palmer Plc £120,229 (2012 - £89,327) relating to management fees and recharged administrative expenses.

Debtors also includes £65,054 (2012: £50,831) due from Hunt and Palmer Travel Services Ltd. The group's share of profits from Hunt and Palmer Travel Services Ltd for the year is £38,305 (2012: £26,000) in respect of its share of commissions earned from Hunt and Palmer Travel Services Ltd.

During the year the company paid rent of £45,375 (2012: £43,500) to Hunt and Palmer Plc Retirement Benefit Scheme, a scheme under the control of the directors.

At the year end, directors' current account balances comprised £11,700 owed to J S Martin, £11,700 owed to P R Hunt, and £1,700 owed to J F Palmer (2012: £nil).

During the year the company was charged £984 (2012: £3,340) by Mono Europe Limited for office furniture and £29,928 (2012: £29,296) by Sapwood Homes Limited for office refurbishment work. These companies are under the control of members of certain directors' close families. There is a £nil balance in the creditors ledger in respect of these companies at the balance sheet date.

During the year a staff loan was made to the son of a director of Hunt and Palmer Plc, M Hunt, of which £4,028 (2012: £nil) was outstanding at the year end.