
KLYNE AIR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



KLYNE AIR LIMITED

COMPANY INFORMATION

Directors	Mr R Klyne Mrs B C Klyne Mr N P Hallett (resigned 14 January 2019) Mr A P Durand Mr C J Mace (resigned 31 May 2019) Mr W J Morton (appointed 5 April 2019)
Company secretary	Mrs B C Klyne
Registered number	06362647
Registered office	Klyne Business Aviation Centre Norwich Airport Norwich Norfolk NR6 6JT
Independent auditors	MA Partners Audit LLP Statutory Auditor 7 The Close Norwich Norfolk NR1 4DJ

KLYNE AIR LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11 - 12
Notes to the Financial Statements	13 - 25

KLYNE AIR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

The company owns a fleet of aircraft which are operated by Saxonair Charter Limited, a subsidiary company.

Business review

Turnover decreased during the year to **£1,092,796** (2018: £1,306,015).

Fleet maintenance and running costs also decreased, resulting in a gross profit of **£223,891** (2018: £318,708).

The company reported a loss before tax for the year of **£931,151** (2018: £573,736) after depreciation charges of **£809,229** (2018: £892,624) and a foreign exchange loss on the bank loan held in US Dollars of **£183,473** (2018: £293,757 gain). If these items were excluded, the company would have reported a profit before tax of **£61,551** (2018: £25,131 profit before tax).

The company has a balance sheet deficit of **£7,274,799** (2018: £6,550,963) which has principally been funded with loans from the directors. As reported in note 2.2 to the financial statements, the directors have provided an undertaking to continue to support the company financially.

Principal risks and uncertainties

Funding

The company has two principal sources of funding i) a bank loan, secured on the aircraft and ii) loans provided by the directors. The directors have provided an undertaking to the company that they will only seek repayment of their loans from the company's future surplus cash flow.

Financial instruments

The company has exposure to financial instruments by way of trade debtors, trade creditors, bank loans, director loans, year end group loan balances and subsidiary investments. Overall, these financial instruments are deemed to expose the company to a low level of financial risk. Financial risk can arise in the form of customer credit exposure regarding the trade debts, foreign currency exposure regarding the bank loan, the value of investments and liquidity risk regarding the group loan balances.

Customer credit exposure

The only trade customer within the business is Saxonair Charter Limited, a subsidiary company. This arrangement is deemed to expose the company to minimal financial risk and sales receipts are regularly paid from Saxonair Charter Limited to the company.

Liquidity risk

The company has loans outstanding from group members at the year end. The company is at risk to the extent that a group member may not be liquid enough to pay the debt as it falls due. This risk is mitigated by a group structure, where the ultimate controlling party has agreed to support the group financially.

Trade creditors

Trade creditor balances pose a higher level of financial risk to the company; as there are net liabilities at 31 March 2019. This risk is mitigated by ultimate controlling party support. The ultimate controlling party has agreed to support the company financially.

KLYNE AIR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Foreign currencies

The company has a bank loan which is denominated in US Dollars. The loan is secured against aircraft which are also traded in US Dollars and therefore the directors are satisfied that financial risk has been reduced as a consequence. The realisable value of the aircraft owned by the company will depend upon US Sterling / US Dollar exchange rates and the directors continue to monitor this in line with their plans to either buy or sell aircraft in the future and settle the bank loan.

Investments

The company has financial instruments by way of an investment in subsidiaries. These investments are measured at cost and have a low level of exposure to financial risk.

Outlook and future developments

Although the company has incurred losses the directors continue to appraise the performance of the company as part of the wider overall group strategy.

The directors will continue to seek to maximise the utilisation of the aircraft and monitor the number and mix of aircraft within its fleet to ensure that it is best placed to meet the demands of customers.

Key performance indicators

The main KPIs within the company are the level of flight hours, number of flights and flight contributions. These are reviewed in detail on a quarterly basis and improvements to the trade are made accordingly as a result of the reviews.

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



.....
Mrs B C Klyne
Director

Date: 19 December 2019

KLYNE AIR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £723,894 (2018 - loss £477,308).

Directors

The Directors who served during the year were:

Mr R Klyne
Mrs B C Klyne
Mr N P Hallett (resigned 14 January 2019)
Mr A P Durand
Mr C J Mace (resigned 31 May 2019)

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

KLYNE AIR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Auditors

Under section 487(2) of the Companies Act 2006, MA Partners Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



Mrs B C Klyne
Director

Date: 19 December 2019

KLYNE AIR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KLYNE AIR LIMITED

Opinion

We have audited the financial statements of Klyne Air Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KLYNE AIR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KLYNE AIR LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KLYNE AIR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KLYNE AIR LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

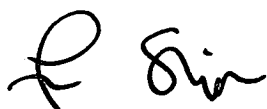
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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.



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of
MA Partners Audit LLP

Statutory Auditor

7 The Close
Norwich
Norfolk
NR1 4DJ

19 December 2019

KLYNE AIR LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

		2019 £	2018 £
Turnover	4	1,092,796	1,306,015
Cost of sales		(868,905)	(987,307)
Gross profit		<u>223,891</u>	<u>318,708</u>
Administrative expenses		(863,753)	(1,090,140)
Operating loss before exceptional items		<u>(639,862)</u>	<u>(771,432)</u>
Exceptional other operating credits/(charges)	5	(183,473)	293,757
Operating loss	6	<u>(823,335)</u>	<u>(477,675)</u>
Interest receivable and similar income	9	388	1,827
Interest payable and similar expenses	10	(108,204)	(97,888)
		<u>(931,151)</u>	<u>(573,736)</u>
Tax on loss	11	207,257	96,428
Loss for the financial year		<u><u>(723,894)</u></u>	<u><u>(477,308)</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement.

The notes on pages 13 to 25 form part of these financial statements.

KLYNE AIR LIMITED
REGISTERED NUMBER: 06362647

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	9,407,258	10,216,487
Investments	13	1,101	1,101
		<u>9,408,359</u>	<u>10,217,588</u>
Current assets			
Stocks	14	9,808	9,808
Debtors: amounts falling due within one year	15	66,101	78,505
Cash at bank and in hand	16	37,200	5,850
		<u>113,109</u>	<u>94,163</u>
Creditors: amounts falling due within one year	17	(14,768,894)	(14,730,893)
Net current liabilities		<u>(14,655,785)</u>	<u>(14,636,730)</u>
Total assets less current liabilities		<u>(5,247,426)</u>	<u>(4,419,142)</u>
Creditors: amounts falling due after more than one year	18	(2,027,373)	(2,131,821)
Net liabilities		<u><u>(7,274,799)</u></u>	<u><u>(6,550,963)</u></u>
Capital and reserves			
Called up share capital	21	1,219	1,161
Profit and loss account	22	(7,276,018)	(6,552,124)
		<u><u>(7,274,799)</u></u>	<u><u>(6,550,963)</u></u>

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



.....
Mr R Klyne
Director

Date: 19 December 2019

The notes on pages 13 to 25 form part of these financial statements.

KLYNE AIR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	1,161	(6,074,816)	(6,073,655)
Comprehensive income for the year			
Loss for the year	-	(477,308)	(477,308)
At 1 April 2018	1,161	(6,552,124)	(6,550,963)
Comprehensive income for the year			
Loss for the year	-	(723,894)	(723,894)
Total comprehensive income for the year	-	(723,894)	(723,894)
Shares issued during the year	58	-	58
Total transactions with owners	58	-	58
At 31 March 2019	1,219	(7,276,018)	(7,274,799)

The notes on pages 13 to 27 form part of these financial statements.

KLYNE AIR LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(723,894)	(477,308)
Adjustments for:		
Depreciation of tangible assets	809,229	892,624
Loss on disposal of tangible assets	-	145,482
Interest paid	108,204	97,888
Interest received	(388)	(1,827)
(Increase) in stocks	-	(3,642)
(Increase)/decrease in debtors	(14,925)	299
Increase/(decrease) in creditors	941	(26,485)
Corporation tax group relief	(207,257)	(96,428)
Foreign exchange loss/(gain)	183,473	(293,757)
Net cash generated from operating activities	155,383	236,846
Cash flows from investing activities		
Sale of tangible fixed assets	-	1,130,222
Interest received	388	1,827
Net cash from investing activities	388	1,132,049
Cash flows from financing activities		
Issue of ordinary shares	58	-
Repayment of loans	(268,721)	(276,692)
Loans repaid to directors	(242,611)	(1,328,098)
New loans from group companies	495,057	199,976
Interest paid	(108,204)	(97,888)
Net cash used in financing activities	(124,421)	(1,502,702)
Net increase/(decrease) in cash and cash equivalents	31,350	(133,807)

KLYNE AIR LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash and cash equivalents at beginning of year	5,850	139,657
Cash and cash equivalents at the end of year	<u>37,200</u>	<u>5,850</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	37,200	5,850
	<u>37,200</u>	<u>5,850</u>

The notes on pages 13 to 25 form part of these financial statements.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Klyne Air Limited is a private company limited by shares incorporated in England and Wales, registration number 06362647. The registered office is Klyne Business Aviation Centre, Norwich Airport, Norwich, NR6 6JT.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements are presented in Sterling (£).

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

The following principal accounting policies have been applied:

2.2 Going concern

The company reported a loss after taxation for the year of **£723,894** (2018: £477,308) and the balance sheet shows a deficit of **£7,274,799** (2018: £6,550,963). The loss principally arises due to the depreciation of the company's aircraft.

The directors Mr & Mrs Klyne have provided a loan to the company of **£10,481,974** (2018: £10,724,585) and have provided a formal undertaking to the company that this loan shall only be repaid from the company's surplus future cash flow.

The directors have formed an assessment of the future trading position of the company and, in conjunction with the above undertaking, consider that the company currently has adequate financial resources. Accordingly, the directors have adopted the going concern basis in preparing these financial statements.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its parent undertaking, Klyne Aviation Limited, a company registered in England & Wales with registered office address Klyne Business Aviation Centre, Norwich Airport, Norwich, NR6 6JT and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised on the date services are supplied.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 15% straight line
Computer equipment	- 25% straight line
Aircraft	- 5% to 7.5% straight line

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

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

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

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

2.8 Debtors

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

2.9 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.13 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Interest income

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

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets and note 2.5 for the useful economic lives for each class of assets.

4. Turnover

All turnover arose within the United Kingdom.

KLYNE AIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Exceptional items

	2019 £	2018 £
Foreign exchange loss / (gain) on US Dollar loan	183,473	(293,757)
	<u>183,473</u>	<u>(293,757)</u>

6. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Exchange (gains)	(17,507)	(21,152)
	<u>(17,507)</u>	<u>(21,152)</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,150	5,150
	<u>5,150</u>	<u>5,150</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

There were no staff costs for the year ended 31 March 2019 nor for the year ended 31 March 2018.

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

	2019 No.	2018 No.
Directors	5	4
	<u>5</u>	<u>4</u>

The company's key management personnel are considered to be the directors. Key management personnel compensation during the current and previous accounting periods amounted to **£Nil**.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. Interest receivable

	2019 £	2018 £
Bank interest receivable	388	1,827
	<u>388</u>	<u>1,827</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	108,204	97,888
	<u>108,204</u>	<u>97,888</u>

11. Taxation

	2019 £	2018 £
Group taxation relief	(207,257)	(96,428)
Total current tax	<u>(207,257)</u>	<u>(96,428)</u>

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(931,151)	(573,736)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(176,919)	(109,010)
Effects of:		
Expenses not deductible for tax purposes	80	-
Capital allowances for year in excess of depreciation	(22,977)	5,141
Unrelieved tax losses carried forward	-	7,441
Group relief of brought forward losses	(7,441)	-
Total tax charge for the year	(207,257)	(96,428)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KLYNE AIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Aircraft £	Total £
Cost or valuation				
At 1 April 2018	15,265	1,014	14,098,043	14,114,322
At 31 March 2019	<u>15,265</u>	<u>1,014</u>	<u>14,098,043</u>	<u>14,114,322</u>
Depreciation				
At 1 April 2018	15,124	1,014	3,881,697	3,897,835
Charge for the year on owned assets	141	-	809,088	809,229
At 31 March 2019	<u>15,265</u>	<u>1,014</u>	<u>4,690,785</u>	<u>4,707,064</u>
Net book value				
At 31 March 2019	<u>-</u>	<u>-</u>	<u>9,407,258</u>	<u>9,407,258</u>
At 31 March 2018	<u>141</u>	<u>-</u>	<u>10,216,346</u>	<u>10,216,487</u>

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	1,101
At 31 March 2019	<u>1,101</u>

KLYNE AIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Saxonair Charter Limited	Aircraft chartering and operation of helicopters	Ordinary	100%
Saxonair Flight Support Limited	Aircraft handling	Ordinary	100%
Saxonair Aircraft Sales Limited	Managing aircraft sales and aircraft chartering	Ordinary	100%

14. Stocks

	2019 £	2018 £
Raw materials and consumables	9,808	9,808
	9,808	9,808

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	-	27,329
Other debtors	-	1,044
Prepayments and accrued income	66,101	50,132
	<u>66,101</u>	<u>78,505</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	37,200	5,850
	<u>37,200</u>	<u>5,850</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	268,611	249,410
Trade creditors	107,716	100,488
Amounts owed to group undertakings	3,892,493	3,632,023
Other taxation and social security	78	-
Other creditors	10,481,974	10,724,585
Accruals and deferred income	18,022	24,387
	<u>14,768,894</u>	<u>14,730,893</u>

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	2,027,373	2,131,821
	<u>2,027,373</u>	<u>2,131,821</u>

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	268,611	249,410
	<u>268,611</u>	<u>249,410</u>
Amounts falling due 1-2 years		
Bank loans	268,611	249,410
	<u>268,611</u>	<u>249,410</u>
Amounts falling due 2-5 years		
Bank loans	1,758,762	1,882,411
	<u>1,758,762</u>	<u>1,882,411</u>
	<u>2,295,984</u>	<u>2,381,231</u>

Secured loans

The bank loan amounting to **£2,295,984** (2018: £2,381,231) is secured on the G-KLNE 900HP Hawker aircraft, via a first priority fixed aircraft mortgage.

Mr R Klyne and Mrs B Klyne have provided personal guarantees in respect of the bank loan.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

20. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	37,200	5,850
Financial assets that are debt instruments measured at amortised cost	-	28,373
	<u>37,200</u>	<u>34,223</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(16,796,189)</u>	<u>(16,862,714)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise debts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,103 (2018 - 1,103) Ordinary A shares of £1.00 each	1,103	1,103
116 (2018 - 58) Ordinary B shares of £1.00 each	116	58
	<u>1,219</u>	<u>1,161</u>

During the year the company issued 58 Ordinary B shares with nominal value £58 for consideration of £58.

22. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

KLYNE AIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 102 Section 33.1a and has therefore not disclosed transactions with wholly owned members of the same group.

At 31 March 2019, the company owed **£2,376,263** (2018: £2,468,979) to Klyne Aviation Limited, the ultimate parent company. During the year, the company paid management charges of **£4,800** (2018: £4,800) and rent of **£48,000** (2018: £48,000) to Klyne Aviation Limited. During the year the company surrendered tax losses to Klyne Aviation Limited, amounting to a corporation tax reduction of **£157,008** (2018: £84,593).

At 31 March 2019, the company owed **£10,481,974** (2018: £10,724,585) to Mr R Klyne and Mrs B C Klyne, directors of the company.

24. Controlling party

The immediate parent company is Klyne Aviation (Holdings) Limited and the ultimate parent company is Klyne Aviation Limited.

Klyne Aviation Limited prepares publicly available financial statements, which include the results of Klyne Air Limited.