

**Samson Aviation Services Limited**

**Annual report and financial statements**

**For the year ended 31 December 2020**

Registered Number: 02595980



# **Samson Aviation Services Limited**

## **Annual report and financial statements**

**For the year ended 31 December 2020**

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# **Samson Aviation Services Limited**

## **Directors and advisers**

### **Directors**

M Hunt

N Jones

R Knight

### **Company secretary and registered office**

Kirstin Hofbeck

General Aviation Terminal

Southside

Newcastle International Airport

Woolsington

Newcastle upon Tyne

NE13 8BT

### **Domicile, legal form and country of incorporation**

The company is domiciled, incorporated, registered and operates in England, United Kingdom and is a private limited company limited by shares.

### **Bankers**

Royal Bank of Scotland

2 ½ Devonshire Square

London

EC2M 4XJ

### **Independent auditors**

PricewaterhouseCoopers LLP

Statutory Auditors

Level 5 and 6

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

### **Legal Advisers**

Ward Hadaway

Sandgate House

102 Quayside

Newcastle upon Tyne

NE1 3DX

# **Samson Aviation Services Limited**

## **Strategic report for the year ended 31 December 2020**

The directors present their strategic report on the company for the year ended 31 December 2020.

### **Principal activities**

The company's principal activity during the year was that of aircraft and passenger handling, refuelling, hangarage, aircraft hire and servicing for executive, military and general aviation at Newcastle International Airport.

### **Review of business and dividends**

The Covid-19 pandemic heavily affected the Aviation industry in 2020, with the vast majority of aircraft grounded from late March. The reduced level of flying since the start of the pandemic has had a negative impact on the company's revenue generation resulting in a decline in turnover of 37% compared to the prior year.

Operating profit decreased by 29% from £866,097 to £618,967. The net assets of the company as at the balance sheet date were £3,131,261 (2019: £4,506,872).

Dividends paid in the year amounted to £2,000,000 (2019: £nil), representing £18.89 per share, and no dividends have been proposed after year end. The £2.0m dividend was approved and paid prior to the onset of the Covid-19 pandemic.

### **Future prospects**

On 11 March 2020, the World Health Organisation (WHO) declared Coronavirus COVID-19 a global pandemic. Measures taken to stop the spread of the infection resulted in travel restrictions and widespread grounding of flights. While the full financial impact is unknown at this point, performance in 2021 will continue to be significantly affected by the pandemic. Vaccinations are progressing and it is expected that commercial flying will start to recover during 2021. The long term outlook for the business remains positive.

### **Financial result for 2020**

Total revenue in the year ended 31 December 2020 was £1,392,783 compared with £2,205,157 for the year ended 31 December 2019. The profit after tax for the year ended 31 December 2020 amounted to £624,389 compared to £868,150 for the prior year.

### **Principal risks and uncertainties**

The principal risks facing the company are those associated with the underlying aviation market as a whole and in particular general aviation for both corporate and private aviation.

Weaker demand for flying poses a risk to future growth and may come from a number of factors including underlying economic conditions, increased flight prices, which themselves are driven from input price increases such as the cost of fuel and air passenger duty. External factors such as severe weather or terrorist activity can also contribute to a temporary reduction in passenger numbers. The Coronavirus pandemic is the most significant external risk currently facing the business. Management has reacted quickly to the crisis by adopting new and safe ways of operating, preserving cash and reducing costs. Newcastle International Airport remains well positioned to weather the current uncertainty until demand for domestic and international travel recovers.

# **Samson Aviation Services Limited**

## **Strategic report for the year ended 31 December 2020 (continued)**

### **Key performance indicators**

The company's principal key performance indicator is aircraft movements. For the year ended 31 December 2020 2,233 aircraft movements were recorded compared to 3,521 for the year ended 31 December 2019.

On behalf of the Board

A handwritten signature in black ink that reads "Mark Hunt". The signature is written in a cursive, flowing style.

M Hunt  
Director

8 July 2021

# Samson Aviation Services Limited

## Directors' report for the year ended 31 December 2020

The directors present their annual report and the audited financial statements of Samson Aviation Services Limited for the year ended 31 December 2020.

Future developments of the company and dividends proposed have been disclosed within the Strategic Report on page 2.

### Directors

The directors of the company during the year ended 31 December 2020, all of whom have been directors for the whole of the year ended on that date and up to the date of approval of the financial statements unless stated otherwise were as follows:

M Hunt  
N Jones  
R Knight

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the company's employees;
- The need to foster the company's relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The desirability of the company maintaining a reputation for high standards of business conduct.

The matters that the board is responsible for considering under Section 172 of the Companies Act 2006 have been considered to an appropriate extent by the group board in relation both to the group and to Samson Aviation Services Limited. Detailed disclosures are set out in the consolidated accounts of NIAL Group Limited, which may be obtained from the company secretary at the address noted on page 1.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

# Samson Aviation Services Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

### Going concern

Given the intrinsically linked nature of all the companies within the NIAL Group Limited group of companies (the group), in adopting the going concern basis for these financial statements, the Directors have considered the activities and cash flows of the company as part of the assessment of the business activities and cash flows of the group, together with factors likely to affect the future development and performance, as well as the group's principal risks and uncertainties.

The unprecedented travel restrictions resulting from the spread of COVID-19 have significantly affected the group's activities from March 2020 to date. While air travel has resumed at a modest level, there remains significant uncertainty about the future impact of the global pandemic.

However, at this time, the group maintains a strong liquidity position and management has acted promptly by implementing measures to protect cash, including cost saving initiatives and deferral of capital investment.

# **Samson Aviation Services Limited**

## **Directors' report for the year ended 31 December 2020 (continued)**

### **Going concern (continued)**

Approval was obtained from the group's banks and noteholders for the waiver of the requirement to perform loan covenant testing as at 30 June 2020, 31 December 2020 and 30 June 2021.

The group has prepared several financial forecasts. These financial models assume a phased recovery of passenger volumes and contain assumptions over revenue, profitability and cash generation. The group's forecast cash flows, including the company's forecast cash flows, have been stress-tested for severe but plausible scenarios, resulting from the impact of COVID-19 that could affect the group and company. The forecasts indicate that covenants may be breached during the going concern period. At the date of the financial statements, a covenant waiver is not in place with the group's banks and noteholders for the 31 December 2021 test or subsequent tests.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern.

After reviewing the financial forecast scenarios and considering the uncertainties and current funding facilities the Directors have a reasonable expectation that the group will obtain covenant waivers or relaxations and that it has sufficient resources to continue operating for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing these financial statements.

The financial statements do not include the adjustments that would result if the group or company were unable to continue as a going concern.

### **Financial risk management**

The company's activities expose it primarily to the financial risk of liquidity risk, credit risk and cash flow interest rate risk. The board reviews and agrees policies for managing each of these risks, and others and they are summarised below.

#### **Liquidity risk**

The policy of the company has throughout the year been to maintain short term flexibility through overdraft facilities.

#### **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and credit exposures to customers, including outstanding receivables.

Expected credit loss calculated on both intercompany and trade receivables was not material.

Credit risk is managed on a group basis. For banks and financial institutions, only banks with a strong credit rating are accepted. The credit quality of customers is assessed for each customer taking into account its financial position, past experience and other factors.

#### **Cash flow interest rate risk**

The company does not borrow significant amounts under its overdraft facility. Consequently it is not exposed to significant interest rate risk.

# Samson Aviation Services Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Independent auditors and disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report, confirms that as far as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Mark Hunt', with a stylized, cursive script.

M Hunt  
Director

8 July 2021

# Samson Aviation Services Limited

## Independent auditors' report to the members of Samson Aviation Services Limited Report on the audit of the financial statements

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### Opinion

In our opinion, Samson Aviation Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the statement of accounting policies to the financial statements concerning the company's ability to continue as a going concern. The company's cash flows have been stress-tested for severe but plausible scenarios resulting from the Covid-19 pandemic which has had a significant impact in the year, and is expected to have significant future impact on the company. The forecasts indicate that covenants may be breached during the going concern period. At the date of the financial statements, a covenant waiver is not in place with the company's banks and noteholders for the 31 December 2021 test or subsequent tests. These conditions, along with the other matters explained in the statement of accounting policies to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Samson Aviation Services Limited

## Independent auditors' report to the members of Samson Aviation Services Limited (continued)

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

# Samson Aviation Services Limited

## Independent auditors' report to the members of Samson Aviation Services Limited (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *Auditors' responsibilities for the audit of the financial statements (continued)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to risks of non-compliance surrounding the utilisation of the government furlough scheme during the Covid-19 pandemic, airport specific laws and regulations, and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or increase EBITDA, or through management bias in manipulation of accounting estimates given this is tied to management and staff incentives. Audit procedures performed by the engagement team included:

- Auditing the risk of management override of controls, including through journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Enquiry of management and those charged with governance in relation to any non-compliance with Airport specific regulations during the year and review of any significant correspondence with regulators in addition to reviewing minutes of meetings of those charged with governance.
- Testing compliance with the government employee furlough scheme (CJRS) including: testing of rates and thresholds of amounts claimed and paid for a sample of employees, testing eligibility of employees for the scheme and review in line with government guidance.
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.
- Review of board meeting minutes.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of assets and consideration of the impact of Covid-19 on going concern.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Samson Aviation Services Limited

## Independent auditors' report to the members of Samson Aviation Services Limited (continued)

### Other required reporting

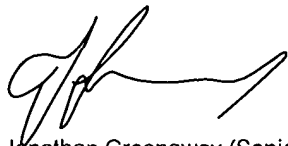
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#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle

8 July 2021

# Samson Aviation Services Limited

## Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	1	1,392,783	2,205,157
Cost of sales		(463,879)	(908,793)
Gross profit		928,904	1,296,364
Administrative expenses		(309,937)	(430,267)
Operating profit	1	618,967	866,097
Finance income	2	2,486	2,023
Profit before tax		621,453	868,120
Tax on profit	3	2,936	30
Profit for the financial year		624,389	868,150

All of the above activities relate to continuing operations. There were no items of other comprehensive income.

# Samson Aviation Services Limited

## Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	4	14,452	24,087
Property, plant and equipment	5	73,620	96,963
Deferred tax assets	10	6,671	3,735
		94,743	124,785
<b>Current assets</b>			
Inventories	6	6,660	10,992
Trade and other receivables	7	2,163,813	3,394,353
Cash and cash equivalents	8	972,757	1,076,781
		3,143,230	4,482,126
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	(106,712)	(100,039)
		(106,712)	(100,039)
<b>Net current assets</b>		3,036,518	4,382,087
<b>Net assets</b>		3,131,261	4,506,872
<b>Shareholders' equity</b>			
Called up share capital	11	105,903	105,903
Retained earnings		3,025,358	4,400,969
<b>Total equity</b>		3,131,261	4,506,872

These financial statements of Samson Aviation Services Limited, registered number 02595980, on pages 12 to 28 were approved by the board of directors and authorised for issue on 8 July 2021 and were signed on its behalf by:



M Hunt  
Director

# Samson Aviation Services Limited

## Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019	105,903	3,532,819	3,638,722
Profit for the financial year and total comprehensive income for the year	-	868,150	868,150
At 31 December 2019	105,903	4,400,969	4,506,872
Profit for the financial year and total comprehensive income for the year	-	624,389	624,389
Dividends paid	-	(2,000,000)	(2,000,000)
At 31 December 2020	105,903	3,025,358	3,131,261

# Samson Aviation Services Limited

## Statement of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006. The company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1; reconciliation of share capital at the beginning and end of the period,
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment',
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related Party disclosures' (key management compensation).
- The requirements in IAS 24 'Related Party disclosures', to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the consolidated accounts of NIAL Group Limited, which may be obtained from the company secretary at the address noted on page 1.

The financial statements have been prepared under the historical cost convention.

# Samson Aviation Services Limited

## Statement of accounting policies (continued)

Given the intrinsically linked nature of all the companies within the NIAL Group Limited group of companies (the group), in adopting the going concern basis for these financial statements, the Directors have considered the activities and cash flows of the company as part of the assessment of the business activities and cash flows of the group, together with factors likely to affect the future development and performance, as well as the group's principal risks and uncertainties.

The unprecedented travel restrictions resulting from the spread of COVID-19 have significantly affected the group's activities from March 2020 to date. While air travel has resumed at a modest level, there remains significant uncertainty about the future impact of the global pandemic.

However, at this time, the group maintains a strong liquidity position and management has acted promptly by implementing measures to protect cash, including cost saving initiatives and deferral of capital investment.

Approval was obtained from the group's banks and noteholders for the waiver of the requirement to perform loan covenant testing as at 30 June 2020, 31 December 2020 and 30 June 2021.

The group has prepared several financial forecasts. These financial models assume a phased recovery of passenger volumes and contain assumptions over revenue, profitability and cash generation. The group's forecast cash flows, including the company's forecast cash flows, have been stress-tested for severe but plausible scenarios, resulting from the impact of COVID-19 that could affect the group and company. The forecasts indicate that covenants may be breached during the going concern period. At the date of the financial statements, a covenant waiver is not in place with the group's banks and noteholders for the 31 December 2021 test or subsequent tests.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern.

After reviewing the financial forecast scenarios and considering the uncertainties and current funding facilities the Directors have a reasonable expectation that the group will obtain covenant waivers or relaxations and that it has sufficient resources to continue operating for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing these financial statements.

The financial statements do not include the adjustments that would result if the group or company were unable to continue as a going concern.

### Revenue recognition

Revenue comprises traffic revenue and fuel sales, net of value added tax. Traffic revenue comprises handling, hangarage, aircraft hire and service charges and is recognised when the related services are provided. Fuel sales comprise revenue from refuelling of aircraft. All revenues arise in the UK.

In accordance with IRFS15 Revenue from Contracts with Customers the company follows a 5-step process to determine whether to recognise revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to its performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

# Samson Aviation Services Limited

## Statement of accounting policies (continued)

### Revenue recognition (continued)

Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The company recognises revenue for its major sources on the following basis:

- Traffic revenue is recognised at a point in time upon satisfaction of the performance obligation, i.e. departure of the aircraft.
- Fuel revenue from refuelling of aircraft is recognised at a point in time upon satisfaction of the performance obligation, i.e. when the delivery takes place.

### Financial instruments

Financial instruments comprise cash, trade receivables and trade payables. The main purpose of these financial instruments is to manage the company's operations. No trading in financial instruments is undertaken.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

# Samson Aviation Services Limited

## Statement of accounting policies (continued)

### Financial instruments (continued)

Financial assets are subsequently measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments (previously classified as loans and receivables under IAS 39).

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Cost comprises the cost of the acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight line basis over the estimated useful lives of the assets and begins when the assets are brought into use. The useful economic lives and residual values are reviewed annually by management.

The estimated useful lives of the major asset categories are as follows:

Short leasehold property	-	Period of lease per annum
Vehicles, plant and machinery	-	5 – 20 years
Fixtures and fittings	-	5 – 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other expenses.

### Intangible assets

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that the capital value of future earnings can cover the related costs. Intangible assets are stated at historical cost less accumulated amortisation. Cost comprises the cost of the acquisition and costs directly related to the acquisition up until the time when the asset is ready for use.

Intangible assets under construction represent projects which have not been completed at the year end.

Amortisation is charged on a straight line basis commencing upon completion of the project. The amortisation period is 3 – 5 years.

### Share capital

There are 105,903 ordinary shares of £1 each.

# **Samson Aviation Services Limited**

## **Statement of accounting policies (continued)**

### **Inventories**

Inventories are stated at cost. Where necessary, provision is made for obsolete stock calculated on a cost basis for specific items.

### **Employee benefit costs**

Staff costs comprise salaries, wages and pensions of the company.

Regular pension contributions under defined contribution schemes are recognised in the income statement in the year in which they arise.

### **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 or loss 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 company'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 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.

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 year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash and balances in accounts with no or short notice.

### **Trade and other receivables**

Trade and other receivables are amounts due from customers for services performed or goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

# **Samson Aviation Services Limited**

## **Statement of accounting policies (continued)**

### **Trade and other receivables (continued)**

In relation to the impairment of financial assets, IFRS 9 requires the company to apply an expected credit loss model and assess changes in expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### **Trade payables and other liabilities**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Other liabilities primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable, which are measured at fair value.

### **Operating profit**

Operating profit is stated inclusive of trading income and expenses and before finance costs and income.

### **Critical accounting judgements**

In the application of the company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### **Critical judgements in applying the company's accounting policies**

The directors do not believe there to be any critical judgements in applying the company's accounting policies.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation of uncertainty in the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### **Impairment of tangible and intangible assets**

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

# Samson Aviation Services Limited

## Statement of accounting policies (continued)

### Impairment of tangible and intangible assets

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- IAS 1 – Presentation of Financial Statements – Amendments to the definition of material
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to the Definition of material
- IAS39 – Financial Instruments – Recognition and Measurement – Amendments to hedge accounting to improve provision of information during the Interest Rate Benchmark Reform
- IFRS 3 – Business Combinations – Amendments to clarify the definition of a business
- IFRS 7 – Financial Instruments: Disclosures – Amendments to hedge accounting to improve provision of information during the Interest Rate Benchmark Reform
- IFRS 9 – Financial Instruments – Amendments to hedge accounting to improve provision of information during the Interest Rate Benchmark Reform
- IFRS 16 – Leases – Amendment to include COVID-19 related rent concessions

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments listed above did not have any impact on the amounts recognised in the current or prior periods and are not expected to significantly affect future periods. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

# Samson Aviation Services Limited

## Notes to the financial statements

### 1 Revenue and operating profit

#### Revenue

Revenue represents revenue from servicing and is entirely derived from operations in the UK.

#### Operating profit

	2020	2019
	£	£
The following charges/(credits) have been included in arriving at operating profit:		
Inventories recognised as an expense	270,451	642,957
Depreciation of property, plant and equipment	30,213	31,742
Amortisation of intangible assets	9,635	4,818
Net trade receivables impairment	-	(5,777)
Employee benefit cost (note 12)	143,293	216,167

#### Services provided by the company's auditors

Fees in respect of the audit of the financial statements of Samson Aviation Services Limited amounted to £4,000 (2019: £4,000).

### 2 Finance income

	2020	2019
	£	£
Finance income		
Bank interest receivable	2,486	2,023
<b>Total finance income</b>	<b>2,486</b>	<b>2,023</b>

# Samson Aviation Services Limited

## Notes to the financial statements (continued)

### 3 Tax on profit

	2020	2019
	£	£
<b>Deferred tax</b>		
Origination and reversal of temporary differences	404	(1,385)
Adjustments in respect of prior years	(2,595)	1,210
Impact of change in UK tax rate	(745)	145
<b>Total deferred tax</b>	<b>(2,936)</b>	<b>(30)</b>
<b>Tax credit for the year</b>	<b>(2,936)</b>	<b>(30)</b>

The tax for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£	£
<b>Profit before taxation</b>	<b>621,453</b>	<b>868,120</b>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	118,076	164,943
Effect of:		
Disallowable expenses and non-taxable income	343	401
Adjustments in respect of prior years	(2,595)	1,210
Group relief claimed	(118,015)	(166,729)
Impact of change in UK tax rate	(745)	145
<b>Total tax credit for the year</b>	<b>(2,936)</b>	<b>(30)</b>

The company's profits for this year are taxed at an effective rate of 19.00% (2019: 19.00%) and closing deferred taxation has been calculated based on a rate of 19% (2019:17%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

# Samson Aviation Services Limited

## Notes to the financial statements (continued)

### 4 Intangible assets

	Computer software
	£
<b>Cost</b>	
At 1 January and 31 December 2020	28,905
<b>Accumulated amortisation</b>	
At 1 January 2020	4,818
Charge for the year	9,635
At 31 December 2020	14,453
<b>Net book amount</b>	
At 31 December 2020	14,452
At 31 December 2019	24,087

### 5 Property, plant and equipment

	Short leasehold property £	Vehicles, plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2020	6,945	115,741	159,393	282,079
Additions	-	-	6,870	6,870
At 31 December 2020	6,945	115,741	166,263	288,949
<b>Accumulated depreciation</b>				
At 1 January 2020	3,933	72,093	109,090	185,116
Charge for the year	463	12,402	17,348	30,213
At 31 December 2020	4,396	84,495	126,438	215,329
<b>Net book amount</b>				
At 31 December 2020	2,549	31,246	39,825	73,620
At 31 December 2019	3,012	43,648	50,303	96,963

# Samson Aviation Services Limited

## Notes to the financial statements (continued)

### 6 Inventories

	2020	2019
	£	£
Fuel stock	6,660	10,992

### 7 Trade and other receivables

	2020	2019
	£	£
Trade receivables	126,460	222,583
Amounts owed by group undertakings	2,030,316	3,161,468
Other receivables	-	5,622
Prepayments and accrued income	7,037	4,680
	2,163,813	3,394,353

The directors consider that the carrying value of trade and other receivables is approximately equal to its fair value. The amounts owed by group companies have no fixed repayment term, are unsecured and do not attract interest.

Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position as well as expected credit loss. The directors have not identified any material amounts of expected credit loss on both intercompany and trade receivables.

No material amounts of contract assets as defined in IFRS15 are included in the current or prior year.

### 8 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	972,757	1,076,781

The directors consider that the carrying value of cash and cash equivalents is approximately equal to their fair value.

# Samson Aviation Services Limited

## Notes to the financial statements (continued)

### 9 Trade and other payables

	2020 £	2019 £
Trade creditors	33,105	69,918
Amounts owed to group undertakings	3,931	3,653
Other taxation and social security costs	23,423	-
Other creditors	15,506	4,109
Accruals	30,747	22,359
	106,712	100,039

The directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

There were no material contract liabilities relating to performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at the balance sheet date in the current or prior year.

### 10 Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%).

The movement on the deferred tax account is as shown below:

Deferred tax assets	Accelerated tax depreciation £'000	Other £'000	Total £'000
At 1 January 2019	3,324	381	3,705
Income and expense credit	11	19	30
At 31 December 2019	3,335	400	3,735
Income and expense credit/(charge)	3,104	(168)	2,936
At 31 December 2020	6,439	232	6,671

Deferred tax assets and liabilities at 31 December 2020 have been calculated at the rate applicable to the period in which temporary differences are expected to reverse.

Deferred tax assets of £232 are expected to be recovered within 12 months of the balance sheet date and the remaining balance after 12 months.

# Samson Aviation Services Limited

## Notes to the financial statements (continued)

### 11 Called up share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	105,903	105,903

### 12 Employees and directors

	2020	2019
	£	£
Staff costs for the company during the year		
Wages and salaries	116,442	183,322
Social security costs	11,822	15,862
Other pension costs	15,029	16,983
	143,293	216,167

During the year the company has taken advantage of the Government Coronavirus Job Retention Scheme. The staff costs above are shown net of the grants received of £46,250 including £43,568 within wages and salaries, £2,116 within social security costs and £566 within Other pension costs.

Average monthly number of people employed:

By business activity	2020	2019
	Number	Number
Management	1	1
Operations	5	7
Total	6	8

No director received any emoluments for services to the company during the year (2019: £nil).

### 13 Contingent liabilities

The company is subject to a cross guarantee between all group companies in connection with the senior debt raised by its fellow group company, NIAL Finance Limited and Newcastle International Airport Limited. The total amount of this debt at the year end was £262,621,000 (2019: £237,621,000).

# **Samson Aviation Services Limited**

## **Notes to the financial statements (continued)**

### **14 Ultimate parent undertaking and related party transactions**

Newcastle International Airport Limited owns 100% of the voting shares of Samson Aviation Services Limited.

All transactions with and recharges paid to Newcastle International Airport Limited are done on an arm's length basis.

Newcastle Airport Local Authority Holding Company Limited, incorporated in Great Britain, is the ultimate controlling party and the parent undertaking of the largest group to consolidate these financial statements. The registered address of Newcastle Airport Local Authority Holding Company Limited is Town Hall, South Shields, NE33 2RL. NIAL Group Limited is the parent undertaking of the smallest group to consolidate these financial statements. The registered address of NIAL Group Limited and Newcastle International Airport Limited is Woolsington, Newcastle upon Tyne, NE13 8BZ. Copies of the consolidated financial statements may be obtained from the company secretary.