

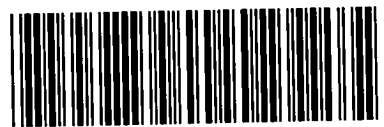
Registration number: 02837136

G4S Aviation Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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G4S Aviation Services (UK) Limited

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G4S Aviation Services (UK) Limited

Company Information

Directors	D C Hewitson
	D Manuelpillai
	G A Levinsohn
Company secretary	V J Patel
Registered office	Sutton Park House
	15 Carshalton Road
	Sutton
	Surrey
Independent auditors	SM1 4LD
	PricewaterhouseCoopers LLP
	The Portland Building
	25 High Street
	Crawley
	RH10 1BG

G4S Aviation Services (UK) Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

G4S Aviation Services (UK) Limited is a wholly owned subsidiary of G4S plc and operates as part of its United Kingdom & Ireland security services division. The Company continues to work alongside airlines to deliver quality solutions against the background of an ever increasing focus on security, particularly in the aviation industry.

As shown on the Company's income statement on page 10, the Company's sales have decreased by £955,000 to £26,842,000 (2016: £27,797,000). Cost of sales increased £549,000 to £29,061,000 (2016: £28,512,000).

The Company has net liabilities of £4,324,000 (2016: net liabilities of £555,000).

The Company utilises a wide range of operational performance measures across its business activities. However, these are all activity or contract specific. The Company's directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

Future developments

Pending the outcome of a significant contract renewal process, the directors expect the general level of activity of the Company to remain consistent with prior years and the Company's principal activity is not expected to change substantially.

Key performance indicators

The Company utilises a wide range of operational performance measures across its business activities. However, these are all activity or contract specific. The Company's directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

Principal risks and uncertainties

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. The key risks are those which could materially damage the Company's strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others currently considered immaterial become material.

Price competition

The security industry in the UK is fragmented with relatively low economic barriers to entry and there are a wide variety of operators of varying sizes. Actions taken by our competitors may place pressure on our pricing, margins and profitability.

In-sourcing by customers

If the trend towards outsourcing manned security were for any reason to be reversed, the Company's revenue and profitability may be adversely affected.

Deterioration in labour relations

The Company operates in an industry which is sometimes involved in seeking to protect its customers against acts of terrorism. Were terrorist incidents in the future to involve premises or events for which the Company is contracted to provide security they could result in brand and reputational damage and so affect earnings and profitability.

G4S Aviation Services (UK) Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Principal risks and uncertainties (continued)

IT systems

The Company makes widespread use of IT systems both in its operations and for financial management. Failure in these systems, including failure in business continuity procedures in the event of physical damage to or inaccessibility of normal systems, could result in reputational damage and the loss of revenue and profitability.

Regulatory requirements

Security can be a high profile industry. There is a wide and ever changing variety of regulations applicable to our business across the UK. Changes in such regulations may adversely affect the Company's revenues and profitability.

The potential impact of these risks is mitigated through the Company's performance management procedures, operational standards and policy of proactive engagement with customers, industry associations, government regulators and employee representatives.

Approved by the Board on 15 August 2018 and signed on its behalf by:



.....
D Manuelpillai
Director

G4S Aviation Services (UK) Limited

Directors' Report for the Year Ended 31 December 2017

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

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

D C Hewitson

J M Hartley (resigned 14 February 2018)

D Manuelpillai

The following director was appointed after the year end:

G A Levinsohn (appointed 8 March 2018)

Results and dividends

The results for the year are set out on page 10. The directors do not recommend a final dividend to be paid (2016: £ Nil).

A review of the progress of the Company's business during the year, the key performance indicators, principal business risks and likely future developments are contained in the Strategic Report on pages 2 to 3.

Employment of disabled persons

It is the policy of the Company to give fair consideration to applications for employment made by disabled persons acknowledging the particular abilities and aptitudes of each applicant and taking into account the requirements of the vacancies available. The Company has been assessed and approved to use the Positive about Disabled People logo on its recruitment advertisements in the UK where the Company is also a member of the Employers Forum on Disability to raise awareness in the organisation of the importance of giving assistance to disabled persons in employment.

In the event of a member of staff becoming disabled, every effort is made via the Company's Occupational Health Adviser to ensure that their employment with the Company continues and that appropriate help is given to assist the member of staff.

It is the policy of the Company to ensure that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer any disability.

Employee involvement

The Company is committed to inform and involve its staff in the business of the Company. Formal consultative committees exist to ensure that issues of mutual interest can be discussed and resolved. Company newsletters, employee magazines and other communications are used to keep staff informed of events within the Company.

Environmental matters

The Company's business is not one that has a significant direct impact on the environment. However, the Company recognises the importance of its responsibilities to reduce environmental impact in such areas as energy usage, recycling, environmentally-friendly products and paper products, where it operates in accordance with the policies of G4S plc as detailed in the group's annual report.

G4S Aviation Services (UK) Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Financial risk management

The Company operates under the financial risk management objectives and policies of its ultimate parent, G4S plc, into which the results of the Company are consolidated. G4S plc's key objectives and policies include:

- Mitigating liquidity risk by ensuring there are sufficient undrawn committed facilities available to the G4S plc group;
- Conducting operating and financing activities wherever possible in the Company's local currency and
- Utilising interest rate swaps and to a lesser extent forward rate agreements to manage future cash outflows.

Further details of the financial risk management objectives and policies of the G4S plc group of which the Company is a member, are included in Note 31 of the consolidated financial statements of G4S plc.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net liabilities, which the directors believe to be appropriate for the following reasons. The Company received a financial support letter from a parent company to provide sufficient financial assistance to the Company if and when it is needed to enable the Company to continue its operations and fulfil its currently anticipated financial obligations now and in the future. This undertaking is provided for a period of at least 12 months provided the Company remains a member of the parent company's group.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on a parent undertaking for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 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). 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 the financial statements, the directors are required to:

- select suitable accounting policies and 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.

G4S Aviation Services (UK) Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

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.

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.


In the case of each director in office at the date the Directors' Report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution confirming their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 15 August 2018 and signed on its behalf by:


.....
D Manuelpillai
Director

G4S Aviation Services (UK) Limited

Independent Auditors' Report to the members of G4S Aviation Services (UK) Limited

Report on the financial statements

Opinion

In our opinion, G4S Aviation Services (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss 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 income statement, the statement of comprehensive income, statement of changes in equity for the year then ended, the statement of financial position as at 31 December 2017, and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

G4S Aviation Services (UK) Limited

Independent Auditors' Report to the members of G4S Aviation Services (UK) Limited (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2017 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.

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 set out on pages 5 to 6, 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.

G4S Aviation Services (UK) Limited

Independent Auditors' Report to the members of G4S Aviation Services (UK) Limited (continued)

Responsibilities for the financial statements and the audit (continued)

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

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. 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.

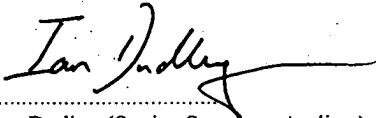
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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:



Ian Dudley (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors

The Portland Building
25 High Street
Crawley
RH10 1BG

15 August 2018

G4S Aviation Services (UK) Limited

Income Statement for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue	5	26,842	27,797
Cost of sales		<u>(29,061)</u>	<u>(28,512)</u>
Gross loss		(2,219)	(715)
Administrative expenses		<u>(2,120)</u>	<u>(2,031)</u>
Operating loss	6	(4,339)	(2,746)
Finance costs	9	<u>(254)</u>	<u>(94)</u>
Loss before income taxation		(4,593)	(2,840)
Income tax on loss	10	<u>824</u>	<u>575</u>
Loss for the financial year		<u><u>(3,769)</u></u>	<u><u>(2,265)</u></u>

The revenues and results in the income statement above are derived from continuing operations.

G4S Aviation Services (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 £ 000	2016 £ 000
Loss for the financial year	<u>(3,769)</u>	<u>(2,265)</u>
Total comprehensive expense for the financial year	<u><u>(3,769)</u></u>	<u><u>(2,265)</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

G4S Aviation Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £ 000	Retained earnings/ (Accumulated losses) £ 000	Total £ 000
At 1 January 2016	219	1,491	1,710
Comprehensive expense:			
Loss for the financial year	-	(2,265)	(2,265)
Total comprehensive expense	-	(2,265)	(2,265)
At 31 December 2016	<u>219</u>	<u>(774)</u>	<u>(555)</u>
At 1 January 2017	219	(774)	(555)
Comprehensive expense:			
Loss for the financial year	-	(3,769)	(3,769)
Total comprehensive expense	-	(3,769)	(3,769)
At 31 December 2017	<u>219</u>	<u>(4,543)</u>	<u>(4,324)</u>

The notes on pages 14 to 27 form an integral part of these financial statements.


G4S Aviation Services (UK) Limited

(Registration number: 02837136)

Statement of Financial Position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Non-current assets			
Property, plant and equipment	11	198	85
Investments	12	-	-
Deferred tax assets		103	111
		<u>301</u>	<u>196</u>
Current assets			
Inventories		54	-
Trade and other receivables	13	10,358	10,408
Cash and cash equivalents		40	897
Current tax assets		932	472
		<u>11,384</u>	<u>11,777</u>
Total assets		<u>11,685</u>	<u>11,973</u>
Current liabilities			
Trade and other payables	14	(15,796)	(12,133)
Non-current liabilities			
Provisions	15	(213)	(395)
Total liabilities		<u>(16,009)</u>	<u>(12,528)</u>
Net liabilities		<u>(4,324)</u>	<u>(555)</u>
Equity			
Called up share capital	16	219	219
Accumulated losses		(4,543)	(774)
Total shareholders' deficit		<u>(4,324)</u>	<u>(555)</u>

The financial statements on page 10 to 27 were authorised and issued by the Board on 15 August 2018 and signed on its behalf by:



 D Manuelpillai
 Director

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

G4S Aviation Services (UK) Limited is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a private company, limited by shares. The Company's registered office is Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary of a company established in the EU and it is included in the audited consolidated financial statements of its EU-established ultimate parent, G4S plc. The registered office of G4S plc is 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT. These financial statements therefore present information about the Company as an individual entity only and not as a group.

The financial statements are presented in sterling, which is the Company's functional currency, and in thousands of pounds unless stated otherwise.

2 Statement of compliance

The Company's financial statements have been prepared in accordance with Financial Reporting Standards ('FRS') 101 'Reduced Disclosure Framework'.

3 Significant accounting policies

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

Basis of preparation

The financial statements of G4S Aviation Services (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net liabilities, which the directors believe to be appropriate for the following reasons. The Company received a financial support letter from a parent company to provide sufficient financial assistance to the Company if and when it is needed to enable the Company to continue its operations and fulfil its currently anticipated financial obligations now and in the future. This undertaking is provided for a period of at least 12 months provided the Company remains a member of the parent company's group.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on a parent undertaking for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Exemptions

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of G4S plc. Copies of the consolidated financial statements of G4S plc may be obtained by writing to the Company Secretary, G4S plc, 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT.

These disclosure exemptions relate to:

- the requirements of IAS 7 'Statement of cash flows';
- new IFRSs that have been issued but are not yet effective and which have not been applied by the Company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets, property, plant and equipment, and the number of shares, and certain other additional comparative information;
- financial instruments disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- disclosures required by IFRS 13 'Fair Value Measurement';
- movements during the year in the number and weighted average exercise prices of share-based payments, how the fair value of services received or equity instruments granted was determined and the effect of share based payment transactions on the income statement and financial position;
- certain related party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a group; and
- capital management disclosures.

Changes in accounting policy

There are no new standards, amendments or interpretations which have been adopted for the first time and have a significant impact on accounting policies applied in preparing the Company's financial statements.

Revenue recognition

Revenue represents amounts receivable for services provided in the normal course of business and is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales-related taxes. Revenue is recognised to reflect the period in which the service is provided.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

Employee benefits

Retirement benefit costs

The G4S plc group, of which the Company is a member, operates both defined contribution and defined benefit pension schemes.

Payments to the defined contribution schemes are charged as an expense as they fall due and represent contributions payable to the schemes for the year. Where the Company is a member of state managed or public sector schemes, payments are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

With respect to the defined benefit pension schemes, as there is no contractual agreement or stated policy for charging the net defined benefit cost to the Company the pension charge recognised in the income statement represents the contributions payable to the schemes for the year.

Finance income and expense

Finance income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount.

Finance costs are recognised as an expense in the income statement on the same basis.

Foreign currencies

The financial statements are presented in sterling, which is the Company's functional currency. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the income statement.

Current and deferred tax

Tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity or other comprehensive income. The tax expense represents the sum of current tax and deferred tax.

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

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

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. 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.

The carrying amount of each deferred tax asset 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 measured based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets on the basis of management judgement following consideration of the available relevant information.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment.

Depreciation is provided on all property, plant and equipment, other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

Asset class	Depreciation method and rate
Equipment and vehicles	3 to 15 years

Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

Financial instruments

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

Trade and other receivables

Trade receivables do not carry interest and are stated initially at their fair value. The carrying amount of trade receivables is reduced through the use of a bad debt allowance account. The Company provides for bad debts based upon an analysis of those that are past due, in accordance with local conditions and past default experience.

Amounts owed by/to group undertaking

Amounts owed by/to group undertakings are recognised initially at fair value and subsequently stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other payables

Trade payables are not interest-bearing and are stated initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment

The carrying value of the Company's assets, with the exception of financial assets and deferred tax assets, is reviewed on an on-going basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine its recoverable amount. The amount of the reversal is limited such that the asset's carrying amount does not exceed that which would have been determined (after depreciation and amortisation) if no impairment loss had been recognised.

The Company provides for impairments in financial assets when there is objective evidence of impairment as a result of one or more events that impact the estimated future cash flows of the financial assets.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. On occasion this classification requires a level of judgement. All other leases are classified as operating leases.

Assets held under finance leases are recognised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments made or received are apportioned between finance charges or income and the reduction of the lease liability or asset so as to produce a constant rate of interest on the outstanding balance of the liability or asset.

Rentals payable or receivable under operating leases are charged or credited to income on a straight-line basis over the lease term, as are incentives to enter into operating leases.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. The amount recognised as a provision is the Company's best estimate of the cost of settlement at the end of the reporting period.

In respect of claims and litigation, the company provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all risks, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercise judgement in measuring the exposures to contingent liabilities (see note 20) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

Onerous contracts

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management profit improvement plans to recover the position on loss-making contracts require a level of judgement and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract. In general, provisions recognised for future losses are charged to the income statement. Where onerous contract provisions are material by virtue of their size, they are separately disclosed within specific items. In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses. Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the income statement consistent with where the charge for the initial provision was recognised.

Vacant property provisions are recognised when the group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on discounted cash flows to the end of the lease taking into account expected future sub-lease income.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders at a general meeting.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

4 Accounting estimates, judgements and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and in some cases, actuarial techniques.

Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements, estimates and assumptions which are of most significance in preparing the Company's financial statements are detailed below:

Revenue recognition and contract review

The Company delivers outsourcing services that in some circumstances can be complex in nature and may be governed by unique contractual arrangements. There is a risk that revenue recognition on these contracts is not in accordance with contractual entitlements and therefore provisions may be required to be recognised. Estimates and judgements are therefore required to determine the appropriate level of provisioning applied to these contracts.

Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

5 Revenue

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2017	2016
	£ 000	£ 000
Rendering of services	<u>26,842</u>	<u>27,797</u>

Revenue arose from activities originating solely in the United Kingdom.

6 Operating loss

Arrived at after charging

	2017	2016
	£ 000	£ 000
Depreciation expense	12	77
Operating lease expense - property	<u>36</u>	<u>30</u>

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	25,031	24,697
Social security costs	2,098	2,065
Other pension costs	69	74
Redundancy costs	-	4
	<u>27,198</u>	<u>26,840</u>

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2017 No.	2016 No.
Operational	<u>1,523</u>	<u>1,403</u>

The directors received no remuneration or accrued pension benefits in respect of their services to the Company during both the current and prior year.

8 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>35</u>	<u>35</u>

The Company did not incur any non-audit fees in the current and prior year.

9 Finance costs

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowing	4	5
Other finance costs	<u>250</u>	<u>89</u>
	<u>254</u>	<u>94</u>

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Income tax on loss

Tax credited in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	(932)	(472)
UK corporation tax adjustment to prior periods	<u>100</u>	<u>(109)</u>
	<u>(832)</u>	<u>(581)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	26	(8)
Arising from changes in tax rates and laws	(3)	7
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(15)</u>	<u>7</u>
Total deferred taxation	<u>8</u>	<u>6</u>
Tax credit in the income statement	<u>(824)</u>	<u>(575)</u>

The tax rate applied on loss before tax is lower than the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Loss before tax	<u>(4,593)</u>	<u>(2,840)</u>
Corporation tax at standard rate	(884)	(568)
Increase/(Decrease) in current tax from adjustment for prior periods	100	(109)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	11	10
(Decrease)/Increase from transfer pricing adjustments	(33)	88
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(15)	7
Deferred tax (credit)/expense relating to changes in tax rates or laws	(3)	7
Other tax effects for reconciliation between accounting loss and tax expense (income)	<u>-</u>	<u>(10)</u>
Total tax credit	<u>(824)</u>	<u>(575)</u>

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Income tax on loss (continued)

The standard effective rate of corporation tax for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017. Further reductions in the UK corporation tax rate will apply from 1 April 2020 when the rate reduces to 17%. All of these changes were enacted at the balance sheet date.

Deferred tax assets and liabilities on temporary differences have been calculated using the UK corporation tax rate which will apply in the period during which they are expected to reverse.

Deferred tax assets and liabilities on temporary differences expected to reverse in the period from 1 January 2018 to 31 March 2020 have been provided at 19%. Deferred tax assets and liabilities on timing differences expected to reverse on or after 1 April 2020 have been provided at 17%.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2017	
Accelerated tax depreciation	84
Provisions	19
	<u>103</u>
2016	
Accelerated tax depreciation	88
Provisions	23
	<u>111</u>

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Income tax on loss (continued)

Deferred tax movement during the year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	88	(4)	84
Provisions	23	(4)	19
Net tax assets	<u>111</u>	<u>(8)</u>	<u>103</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	87	1	88
Provisions	30	(7)	23
Net tax assets	<u>117</u>	<u>(6)</u>	<u>111</u>

11 Property, plant and equipment

	Equipment and vehicles £ 000	Total £ 000
Cost		
At 1 January 2017	313	313
Additions	169	169
Disposals	<u>(104)</u>	<u>(104)</u>
At 31 December 2017	<u>378</u>	<u>378</u>
Accumulated depreciation		
At 1 January 2017	228	228
Charge for the year	12	12
Eliminated on disposal	<u>(60)</u>	<u>(60)</u>
At 31 December 2017	<u>180</u>	<u>180</u>
Carrying amount		
At 31 December 2017	<u>198</u>	<u>198</u>
At 31 December 2016	<u>85</u>	<u>85</u>

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

12 Investments

The details of Company's subsidiaries as at 31 December 2017 are as follows:

Subsidiary undertaking	Class of holding	Direct ownership	Registered address
G4S Aviation Limited*	(France) Ordinary	100%	5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom

*Direct ownership

The investment has a net book value of £Nil (2016: £Nil).

13 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	3,381	3,911
Provision for impairment of trade receivables	-	(96)
Net trade receivables	3,381	3,815
Amounts owed from group undertakings (members of the G4S plc group)	6,722	6,320
Accrued income	106	144
Prepayments	149	129
	<u>10,358</u>	<u>10,408</u>

Amounts owed from group undertakings include certain balances that are unsecured, repayable on demand and upon which interest is charged at a rate of LIBOR plus 2.5%. All other amounts are interest free, unsecured and repayable on demand.

14 Trade and other payables

	2017 £ 000	2016 £ 000
Trade payables	150	31
Accrued expenses	320	23
Amounts owed to group undertakings (members of the G4S plc group)	10,265	8,200
Social security and other taxes	1,792	1,773
Other payables	3,269	2,106
	<u>15,796</u>	<u>12,133</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Other payables includes an amount agreed with a third party in respect of a contract settlement matter.

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

15 Provisions for liabilities

	Unoccupied properties £ 000	Total £ 000
At 1 January 2017	395	395
Utilisation of existing provisions	<u>(182)</u>	<u>(182)</u>
At 31 December 2017	<u>213</u>	<u>213</u>
Non-current liabilities	<u>213</u>	<u>213</u>

Unoccupied properties

Provision is based on the value of future net cash outflows relating to rent, rates, service charge marketing costs. An assessment is made, specific to each property, on the likelihood of sub-letting the property before the end of the lease. Each provision is reviewed annually and expected to be utilised between 1 and 25 years.

16 Called up share capital

Issued and fully paid shares

	2017	2016
	No. 000 £ 000	No. 000 £ 000
Ordinary shares of £1 each	<u>219</u> <u>219</u>	<u>219</u> <u>219</u>

17 Obligations under leases

Operating leases

The total future value of minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Within one year	73	81
In the second to fifth years inclusive	111	97
After five years	<u>12</u>	<u>47</u>
	<u>196</u>	<u>225</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £36,000 (2016: £30,000)

G4S Aviation Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

18 Pension arrangements

The G4S plc group operates both defined benefit and defined contribution pension schemes. Employer contributions to these schemes are fixed at a set level or set percentage of employees' pay. Total pension costs of £69,000 (2016: £74,000) have been charged to the income statement.

Defined benefits scheme

The defined benefit scheme is comprised of three sections. The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the G4S plc group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

As there is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit schemes to the Company, the pension charge recognised in the income statement represents the contributions payable for the year.

Further information on the defined benefit schemes has been disclosed in the consolidated financial statements of G4S plc.

Defined contribution pension scheme

The pension charge recognised in the income statement for the defined contributions scheme represents the contributions payable for the year

19 Contingent liabilities

The Company is included within a group composite banking arrangement with certain fellow subsidiary undertakings and has provided an unlimited guarantee.

20 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is G4S Regional Management (UK&I) Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is G4S plc. Copies of the G4S plc's consolidated financial statements are available upon request from the Company Secretary, 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT.