

# Milestone Aviation UK Ltd.

Directors' report and financial statements

For the year ended 31 December 2018

*Registered number: 07744595*



## **Milestone Aviation UK Ltd.**

### **Contents**

Director and other information	1
Directors' report	2 to 3
Statement of directors' responsibilities	4
Independent auditor's report	5 to 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes forming part of the financial statements	12 to 23

**Milestone Aviation UK Ltd.**

**Director and other information**

<b>Directors</b>	Patrick Sheedy
	Michael Jones
	Paul Wilson
	Brian Seymour
<b>Company secretary</b>	Wilmington Trust SP Services (London) Limited
<b>Registered office</b>	The Ark
	201 Talgarth Road
	London
	W68BJ United Kingdom
<b>Solicitors</b>	Clifford Chance
	Canary Wharf Group Centre
	10 Upper Bank St
	Canary Wharf
	London E14 5JJ United Kingdom
<b>Auditor</b>	KPMG
	Chartered Accountants
	1 Harbourmaster Place
	IFSC
	Dublin 1 Ireland

## **Milestone Aviation UK Ltd.**

### **Directors' report for the financial year ended 31 December 2018**

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

#### **Principal activity**

The principal activity of Milestone Aviation UK Ltd. (the "Company") is the leasing of flight equipment.

#### **Business review**

There has been no significant changes to the principal activities of the Company during the year.

#### **Results and dividends**

The results of the Company for the year are set out in the profit and loss account on page 8 of the financial statements and in the related notes. The Company's profit for the year, before taxation, amounted to US\$4,681 (2017: profit of US\$16,895).

The directors do not recommend the payment of a dividend in respect of the year. No dividend was paid in 2017.

#### **Principal risks and uncertainties**

The business is subject to numerous risks and uncertainties that could materially and adversely affect the Company's future operating profits or financial position. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities. The principal risks and uncertainties are described below:

##### **Credit risk**

The Company operates as a lessor and financier to helicopter operators. Its ability to succeed is partially dependent on the financial strength of its customers and their ability to both compete effectively in the market place and manage the competitive environment in which they operate. If a customer experiences financial difficulties this may result in defaults or the early termination of leases. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

#### **Key performance indicators**

The principal key performance indicators used by management to monitor performance are as follows:

- Operating profit indicators; and
- Lease terminations.

#### **Future developments**

It is the intention of the directors to maintain the trading activities of the Company at the current level for the foreseeable future.

#### **Post balance sheet events**

There were no significant post balance sheet events affecting the Company since the end of the year.

**Milestone Aviation UK Ltd.**

**Directors' report for the financial year ended 31 December 2018**

**Directors of the Company**

The directors who held office during the year and up to the date of the directors' report were as follows:

Patrick Sheedy

Michael Jones

Paul Wilson

Brian Seymour (appointed 18 May 2018)

Austin Kenny (resigned 24 May 2018)

**Disclosure of information to the auditor**

Each director who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Directors' liabilities**

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.


**Political donations**

The Company made no political donations or incurred any political expenditure during the year (2017: US\$nil).

**Reappointment of auditor**

The auditor, KPMG Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 26 June 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Paul Wilson', is written over a dotted line.

Paul Wilson  
Director

## **Milestone Aviation UK Ltd.**

### **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

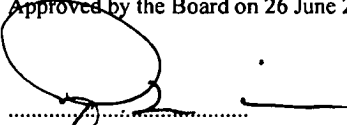
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board on 26 June 2019 and signed on its behalf by:



.....  
Paul Wilson  
Director



KPMG  
Audit  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **Independent Auditor's Report to the Members of Milestone Aviation UK Limited**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Milestone Aviation UK Limited ('the Company') for the year ended 31 December 2018 set out on pages 8 to 23, which comprise of the Balance Sheet, the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and *FRS 101 Reduced Disclosure Framework*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with *FRS 101 Reduced Disclosure Framework*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***We have nothing to report on going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.



## **Independent Auditor's Report to the Members of Milestone Aviation UK Limited (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report have been prepared in accordance with the Companies Act 2006.

### ***Matters on which we are required to report by exception***

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.





**Independent Auditor's Report to the Members of Milestone Aviation UK Limited  
(continued)**

**Respective responsibilities and restrictions on use**

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

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

***Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Killian Croke (Senior Statutory Auditor)**  
for and on behalf of  
**KPMG Statutory Auditor**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

**27 June 2019**

**Milestone Aviation UK Ltd.**

**Profit and loss account**  
*for the year ended 31 December 2018*

	<b>Note</b>	<b>2018 US\$</b>	<b>2017 US\$</b>
Income	3	21,371	21,994
Operating expenses	4	<u>(22,485)</u>	<u>(16,893)</u>
<b>Operating (loss)/profit</b>		(1,114)	5,101
Impairment loss on financial assets		(334)	-
Other interest receivable and similar income	7	6,202	11,900
Interest payable and similar charges	8	<u>(73)</u>	<u>(106)</u>
<b>Profit on ordinary activities before taxation</b>		4,681	16,895
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><u>4,681</u></u>	<u><u>16,895</u></u>

The above results were derived from continuing operations.

**Milestone Aviation UK Ltd.**

**Statement of comprehensive income**  
*for the year ended 31 December 2018*

	<b>Note</b>	<b>2018 US\$</b>	<b>2017 US\$</b>
Profit for the year		4,681	16,895
Other comprehensive income		-	-
Total comprehensive result for the year		<u>4,681</u>	<u>16,895</u>

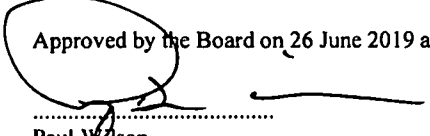
**Milestone Aviation UK Ltd.**

**Balance sheet**

*as at 31 December 2018*

	Note	2018 US\$	2017 US\$
<b>Current assets</b>			
Debtors	10	306,999	109,564
<b>Creditors: Amounts falling due within one year</b>	11	<u>(197,771)</u>	<u>(4,972)</u>
<b>Net assets</b>		<u>109,228</u>	<u>104,592</u>
<b>Capital and reserves</b>			
Share capital	12	1	1
Profit and loss account	13	<u>109,227</u>	<u>104,591</u>
<b>Shareholders' equity</b>		<u>109,228</u>	<u>104,592</u>

Approved by the Board on 26 June 2019 and signed on its behalf by:

  
.....  
Paul Wilson  
Director

**Milestone Aviation UK Ltd.**

**Statement of changes in equity**  
*for the year ended 31 December 2018*

	Called up share capital US\$	Profit and loss account US\$	Total US\$
<b>At 1 January 2017</b>	1	87,696	87,697
<b>Comprehensive income for the year</b>			
Profit for the year	-	16,895	16,895
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	16,895	16,895
<b>At 31 December 2017</b>	<u>1</u>	<u>104,591</u>	<u>104,592</u>
	Called up share capital US\$	Profit and loss account US\$	Total US\$
<b>At 1 January 2018</b>	1	104,591	104,592
Adjustment on initial application of IFRS 9 (net of tax)	-	(45)	(45)
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,681	4,681
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	4,681	4,681
<b>At 31 December 2018</b>	<u>1</u>	<u>109,227</u>	<u>109,228</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

## **Milestone Aviation UK Ltd.**

### **Notes**

#### ***forming part of the financial statements***

### **1 Accounting policies**

The Company is a private company limited by share capital, incorporated, registered and domiciled in the United Kingdom.

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied 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**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are presented in US Dollar denoted by the symbol "US\$", which is the functional currency of the Company. The directors believe that the US\$ most faithfully represents the economic effect of underlying transactions, events and conditions.

The Company is a wholly owned subsidiary of The Milestone Aviation Asset Holding Group No. 8 Ltd.

The results of the Company are included in the consolidated financial statements of General Electric Company which are prepared in accordance with accounting principles generally accepted in The United States of America. These financial statements are available upon request from Investor Relations, General Electric Company, 41 Farnsworth Street, Boston, MA 02210, USA or online at [www.ge.com](http://www.ge.com).

#### **Summary of disclosure exemptions**

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of the Company's ultimate parent company General Electric include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

## **Milestone Aviation UK Ltd.**

### **Notes (continued)**

#### **Going concern**

The financial statements are prepared on the going concern basis.

#### **Measurement convention**

The financial statements have been prepared on the historical cost basis.

#### **Operating lease income**

Income comprises of net operating lease income derived from the leasing of flight equipment. Operating lease income received and payments made under operating leases are recognised net in the profit and loss account on a straight line basis over the term of the lease.

Most of the Company's lease contracts require payment in advance. Rentals received, but unearned under these lease agreements, are recorded as deferred income.

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into US dollars and recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into US dollars at the exchange rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including UK corporation tax and foreign taxes, is provided on the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Temporary differences are differences between Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **Interest receivable and interest payable**

Interest receivable comprises of interest income on funds invested.

Interest payable comprises interest expense on borrowings and interest rate swap contracts, fair value movements on interest rate swap contracts not designated as hedging instruments, losses related to hedge ineffectiveness and dividends on preferred shares classified as liabilities.

Foreign currency gains and losses are reported on a net basis as either other finance income or other finance costs depending on whether foreign currency movements are in a net gain or a net loss position.

#### **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

## **Milestone Aviation UK Ltd.**

### **Notes (continued)**

#### **Financial Instruments (Pre January 2018)**

##### **Non-derivative financial instruments**

###### **Classification**

Non-derivative financial instruments comprise of trade and other debtors, borrowings, and trade and other creditors.

###### **Recognition and measurement**

###### **Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments received from customers exceed the income recognised, then the difference is presented as deferred income.

###### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

###### **Trade and other creditors**

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

###### **Derecognition**

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

#### **Financial instruments (post January 2018)**

##### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

##### **Classification and measurement**

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-



## **Milestone Aviation UK Ltd.**

### **Notes (continued)**

#### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

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

#### **Financial liabilities at amortised cost**

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

#### **Derecognition**

##### *Financial assets*

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

## **Milestone Aviation UK Ltd.**

### **Notes (continued)**

#### **Impairment of financial assets**

##### *Measurement of Expected Credit Losses*

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- stage 1 exposures
- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

The maximum period used when estimating ECL is the maximum contractual period that the Company is exposed to credit risk.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## **Milestone Aviation UK Ltd.**

### **Notes (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following:

##### **Deferred tax**

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carry forwards. The recoverability of these future tax deductions and credits are evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates which are based on historical experience and short and long-range business forecasts.

##### **Provisions for impairment**

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

##### **Fair value of financial assets and liabilities**

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

## Milestone Aviation UK Ltd.

### Notes (continued)

#### 3 Income

	2018 US\$	2017 US\$
Operating lease income	2,137,070	2,199,366
Operating lease expense	(2,115,699)	(2,177,372)
	<u>21,371</u>	<u>21,994</u>

Income arises from the leasing of flight equipment under operating leases. The source of the income is as follows:

	2018 US\$	2018 %	2017 US\$	2017 %
Asia	<u>21,371</u>	<u>100%</u>	<u>21,994</u>	<u>100%</u>

	2018 US\$	2017 US\$
<b>Minimum lease rentals under non-cancellable leases:</b>		
Less than 1 year	2,220,000	2,220,000
Between 2 and 5 years	4,995,000	7,215,000
	<u>7,215,000</u>	<u>9,435,000</u>

The annual payments to which the Company is committed and the period in which they expire are as follows:

	2018 US\$	2017 US\$
<b>Minimum lease payments under non-cancellable leases:</b>		
Within one year	2,197,800	2,197,800
One to five years	4,945,050	7,142,850
	<u>7,142,850</u>	<u>9,340,650</u>

## Milestone Aviation UK Ltd.

### Notes (continued)

#### 4 Operating expenses

The analysis of the Company's operating expenses for the year are as follows:

	2018 US\$	2017 US\$
Auditor's remuneration	4,945	4,761
Other operating expenses	17,540	12,132
	<u>22,485</u>	<u>16,893</u>

#### 5 Expenses and auditor's remuneration

	2018 US\$	2017 US\$
<i>The profit for the year is arrived at after charging:</i>		
Directors' fees	-	-
Auditor's remuneration	<u>4,945</u>	<u>4,761</u>

Director's remuneration is US\$nil (2017: US\$nil). Auditor's remuneration is US\$4,945 (2017: US\$4,761).

#### 6 Employee information

The Company had no employees during the year (2017: nil) and incurred no staff costs (2017: US\$nil). Directors are employees of affiliated entities and are remunerated for their roles in those entities. They are not remunerated separately for services as Directors to this Company.

#### 7 Other interest receivable and similar income

	2018 US\$	2017 US\$
Interest on amounts due from group companies	<u>6,202</u>	<u>11,900</u>

#### 8 Interest payable and similar expenses

	2018 US\$	2017 US\$
Other finance costs	<u>73</u>	<u>106</u>

## Milestone Aviation UK Ltd.

### Notes (continued)

#### 9 Taxation

##### Recognised in the profit and loss account

	2018 US\$	2017 US\$
<b>Current taxation</b>		
Total current tax	-	-

##### Factors affecting total tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 US\$	2017 US\$
Profit on ordinary activities before tax	4,681	16,895
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	889	3,252
<b>Effects of:</b>		
Group relief for Snil consideration	(889)	(3,252)
Total tax	-	-

##### Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted at the balance sheet date. This will reduce any current tax charges accordingly.

There are no other factors that may significantly affect future tax charges.

## Milestone Aviation UK Ltd.

### Notes (continued)

#### 10 Debtors

	2018 US\$	2017 US\$
Trade debtors	1,500	-
Amounts due from group companies (i)	302,835	106,071
Accrued income	2,664	3,493
	<u>306,999</u>	<u>109,564</u>

(i) Amounts due from group companies are short-term in nature. The amount is stated net of provision for impairment of US\$(378) (2017: US\$nil).

#### 11 Creditors: Amounts falling due within one year

	2018 US\$	2017 US\$
Trade and other payables	185,013	-
Accrued expenses	4,943	4,972
Amounts due to group companies	7,815	-
	<u>197,771</u>	<u>4,972</u>

#### 12 Share capital

##### Allotted, called up and fully paid

	No.	2018 US\$	No.	2017 US\$
Ordinary shares of US\$1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 13 Profit and loss account

	2018 US\$	2017 US\$
At beginning of the year	104,591	87,696
Adjustment on initial recognition of IFRS 9	(45)	-
Profit for the financial year	<u>4,681</u>	<u>16,895</u>
At end of year	<u>109,227</u>	<u>104,591</u>

## Milestone Aviation UK Ltd.

### Notes (continued)

#### 14 Transitional requirements IFRS 9

The Company has adopted IFRS 9 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

##### Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

The following table summarises the impact, net of tax, of transition to IFRS 9 on retained earnings and other reserves at 1 January 2018:

	IAS 39 carrying amount at 31 December 2017 US\$	Reclassification US\$	Remeasurement US\$	Related tax US\$	IFRS 9 carrying amount at 1 January 2018 US\$
Provision for Amounts due to group companies	-	-	45	-	45
Total amortised cost	-	-	45	-	45

#### 15 Related party transactions

The Company is availing of the exemption available under FRS 101 from disclosing transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member. Details of the availability of the group consolidated financial statements are given in note 16 to these financial statements.

#### 16 Parent and ultimate parent undertaking

The Company's immediate parent is The Milestone Aviation Asset Holding Group No. 8 Ltd. The directors regard General Electric Company, a company incorporated in the USA, as the ultimate controlling party. The results of the Company are consolidated by General Electric Company. These financial statements are available upon request from Investor Relations, General Electric Company, 41 Farnsworth Street, Boston, MA 02210, USA or online at [www.ge.com](http://www.ge.com).



**Milestone Aviation UK Ltd.**

**Notes (continued)**

**17 Post balance sheet events**

There were no significant post balance sheet events affecting the Company since the end of the year.

**18 Approval of financial statements**

The financial statements were approved by the board of directors on 26 June 2019.