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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**COMPANY INFORMATION**

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**Directors** D Brooks (resigned 31 January 2017)  
Y Freeman (appointed 25 July 2016)  
D Ruback  
B Weaver

**Registered number** SC169996

**Registered office** 115 George Street  
4th Floor  
Edinburgh  
EH2 3AH

**Independent auditor** Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

**Bankers** HSBC  
14 Bradford Road  
Cleckheaton  
West Yorkshire  
BD19 3JR

Barclays Bank PLC  
54 Lombard Street  
London  
EC3P 3AH

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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Introduction**

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### **Business review**

During the year the business continued to provide specialist on-airport support services, including ground handling services and re-fuelling services, to the owners and operators of private and business aircraft. The business has continued to perform in line with expectations and although the market remains competitive, the Directors believe the outlook is positive and the level of activity will continue.

The key performance indicators for the business monitored by management are revenue, operating profit, net assets and staff numbers.

As set out in the Statement of Comprehensive Income on page 9, the company realised revenue in the year of £20,543,880 (2015 - £20,819,079) and achieved operating profit for the year of £3,532,726 (2015 - £4,648,670). The net asset position of the Company's balance sheet at the end of the year was £22,965,959 (2015 - £20,139,336).

Average staff numbers were 93 (2015:92).

#### **Financial key performance indicators**

The company's profit before taxation for the year was £2,789,043 (2015 - £3,937,788).

The company's Balance sheet on page 10 of the financial statements shows the company's net asset position at £22,965,959 at the end of the period (2015 - £20,139,336).

The company intends to continue the principal activity which comprises the provision of ground aviation services including into-plane fuelling and other passenger and ground aviation services.

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

The Company's activities expose it to both operational and financial risks. The principal risks facing the business are as follows:

##### **General economic environment**

The Company's performance is impacted by the level of general aviation travel by private and business users. Management rely on the strong financial controls within the business to monitor the level of activity and take steps to respond to changes in the economic environment as appropriate.

The Brexit vote has caused general economic uncertainty for the United Kingdom, Europe and its key trading partners, however the directors do not consider there to be any additional industry specific risks. The company transacts predominantly in Pounds Sterling both in terms of sales and purchases and therefore does not consider the volatility of exchange rates to be a key risk to financial performance.

##### **Changes in legislation**

Changes in aviation legislation can have an impact on the level of general aviation flying activity. The Company actively participates with all relevant industry bodies so it is able to respond and adjust the cost base of the business where necessary.

##### **Ability to attract and retain high-quality and capable people**

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Company looks to attract and retain the best people and has in place training programs to develop staff internally. In addition staff are provided competitive remuneration packages and are rewarded for high achievement.

**Financial risk management**

The most important components of financial risk are credit risk, liquidity risk, cash flow risk and price risk. Management consider the largest risk to be recovery of debtor balances and as a result we carry out credit checks on all new customers, review credit limits for existing customers on an ongoing basis and also closely monitor the ageing of our receivable balances, enforcing recovery if required.

The principal financial risks facing the business are as follows:

**Credit risk**

The company's financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Liquidity/cash flow**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company actively liaises with the ultimate parent company.

**Price risk**

The company is not materially exposed to commodity price risk as increases/decreases are passed through to customers.

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

  
.....  
**Daniel Ryback**  
Director

Date: 4 August 2017

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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

#### **Principal activity**

The principal activity of the Company is the handling of corporate aircraft..

#### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 December 2016 were equivalent to 64 (2015: 66) days purchases, based on the average daily amount invoiced by suppliers during the year.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,826,623 (2015 - £3,906,091).

The company's turnover for the year amounted to £20,543,880 (2015 - £20,819,079). The net asset position of the company's balance sheet at the end of the year was £22,965,959 (2015 - £20,139,336).

The directors do not recommend the payment of a dividend (2015: £nil).

#### **Directors**

The directors who served during the year were:

D Brooks (resigned 31 January 2017)

Y Freeman (appointed 25 July 2016)

D Ruback

B Weaver

The company has decided not to appoint a company secretary as permitted by Companies Act 2006.

#### **Going Concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report (page 2).

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the BBA Aviation PLC group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent, BBA Aviation plc, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the BBA Aviation plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of BBA Aviation plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Employee involvement**

The company recognises the value of the involvement of its employees and continues its practice of keeping them informed of matters affecting them as employees and factors affecting the company's performance. During the year regular meetings were held with employees.

**Disabled employees**

It is the company's policy to make reasonable accommodations and give full consideration to suitable applications for employment for disabled persons. In the event of a member of staff becoming disabled every effort is made to ensure that employment continues or training is provided for other positions within the company.

**Disclosure of information to auditor**

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

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

**Auditor**

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

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

  
.....  
Director

Date: 4 August 2017

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 period.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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We have audited the financial statements of Signature Flight Support UK Regions Limited for the year ended 31 December 2016, set out on pages 9 to 26. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIGNATURE FLIGHT SUPPORT UK  
REGIONS LIMITED (CONTINUED)**

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

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

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

- adequate accounting records have not been kept, 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.

*Edward Hanson*

**Edward Hanson - Senior Statutory Auditor  
Deloitte LLP Statutory Auditor**

**2 New Street Square  
London  
United Kingdom  
EC4A 3BZ**

**4 August 2017**

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Note	2016 £	Restated (note 4) 2015 £
Turnover	5	20,543,880	20,819,079
Cost of sales		(16,841,141)	(15,976,250)
<b>Gross profit</b>		<b>3,702,739</b>	<b>4,842,829</b>
Administrative expenses		(170,013)	(194,159)
<b>Operating profit</b>	6	<b>3,532,726</b>	<b>4,648,670</b>
Interest receivable and similar income	9	341,507	331,511
Interest payable and expenses	10	(1,085,190)	(1,042,393)
<b>Profit before tax</b>		<b>2,789,043</b>	<b>3,937,788</b>
Tax credit / (charge) on profit on ordinary activities	11	37,580	(31,697)
<b>Profit for the financial year</b>		<b>2,826,623</b>	<b>3,906,091</b>

There was no other comprehensive income for 2016 (2015: £NIL).

All operations are continuing for the financial period.

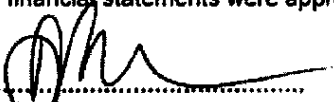
The notes on pages 12 to 25 form part of these financial statements.

**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**  
**REGISTERED NUMBER: SC169996**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	Restated (note 4) 2015 £
<b>Fixed assets</b>			
Intangible fixed assets	13	4,293,214	4,293,214
Tangible assets	14	1,372,069	1,459,262
Investments	15	33,350,160	32,276,955
		<u>39,015,443</u>	<u>38,029,431</u>
<b>Current assets</b>			
Stocks	16	51,386	55,747
Debtors	17	39,758,607	37,177,217
Cash at bank and in hand		987,718	386,712
		<u>40,797,711</u>	<u>37,619,676</u>
Creditors: amounts falling due within one year	18	(56,847,195)	(55,509,771)
<b>Net current liabilities</b>		<u>(16,049,484)</u>	<u>(17,890,095)</u>
<b>Total assets less current liabilities</b>		<u>22,965,959</u>	<u>20,139,336</u>
<b>Net assets</b>		<u>22,965,959</u>	<u>20,139,336</u>
<b>Capital and reserves</b>			
Called up share capital	20	2	2
Profit and loss account		22,965,957	20,139,334
		<u>22,965,959</u>	<u>20,139,336</u>

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

  
 .....  
**D Ruback**  
 Director  
 Date: 4 August 2017

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**SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2015</b>	<b>2</b>	<b>16,233,243</b>	<b>16,233,245</b>
<b>Comprehensive income for the year</b>			
<b>Profit for the year</b>	<b>-</b>	<b>3,906,091</b>	<b>3,906,091</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,906,091</b>	<b>3,906,091</b>
<b>At 1 January 2016</b>	<b>2</b>	<b>20,139,334</b>	<b>20,139,336</b>
<b>Comprehensive income for the year</b>			
<b>Profit for the year</b>	<b>-</b>	<b>2,826,623</b>	<b>2,826,623</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,826,623</b>	<b>2,826,623</b>
<b>At 31 December 2016</b>	<b>2</b>	<b>22,965,957</b>	<b>22,965,959</b>

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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. General information**

Signature Flight Support UK Regions Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of BBA Aviation plc. The group financial statements of BBA Aviation plc are available to the public and can be obtained as set out in note 26.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Going concern**

The financial statements have been prepared using the going concern basis of accounting. See the Directors' report on page 4 for more details.

##### **2.3 Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.4 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for rebates and other similar allowances.

The main revenue streams included are parking/hangarage, re-fuelling and ground handling services. Parking/hangarage revenue is accrued and recognised whilst the aircraft is parked on the ramp or at a fixed monthly contractual rate for aircraft based at Luton. Fuel revenue is accrued at the point that the fuel is pumped into the aircraft. Ground Handling revenue is accrued at the point the service is provided.

##### **2.5 Operating leases: the Company as lessee**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

##### **2.6 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is pounds sterling.

###### **Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

##### **2.7 Operating profit**

Operating profit is stated before investment income and finance costs.

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## **SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.8 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.9 Taxation**

The charge for taxation is based on the profit for the year and comprises current and deferred taxation. Current tax is calculated at tax rates which have been enacted or substantively enacted as at the balance sheet date.

Deferred taxation takes into account taxation deferred due to temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is accounted for using the balance sheet liability method and 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 in the computation of taxable profit.

No provision is made for temporary differences on unremitted earnings of foreign subsidiaries, joint ventures or associates where the Company has control and the reversal of the temporary difference is not foreseeable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates which have been enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

##### **2.10 Tangible fixed assets**

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

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.



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## SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.10 Tangible fixed assets (continued)

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

The estimated useful lives range as follows:

Land and Buildings	- 2% to 20%
Plant and machinery	- 8% to 50%
Motor vehicles	- 10% to 17%
Fixtures and fittings	- 10% to 33%

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

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

##### 2.11 Intangible assets

###### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

###### De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing

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## SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. Accounting policies (continued)

value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### 2.13 Bad Debt provision

The company holds a provision for bad debt which is calculated in line with the BBA Aviation PLC policy.

Debt overdue 60-90 days	30% Provision
Debt overdue >90 days	80% Provision

In addition management reviews the ledger and will amend the above provision where additional information is known about a customer e.g. the customer is in administration.

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

In review of critical judgements and estimates management consider there to be no key assumptions concerning the future or other key sources of estimation uncertainty at the balance sheet date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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**4. Restatement of prior year**

	2016 £	<i>Restated</i> 2015 £
Cost of Sales	(16,841,141)	(15,976,250)
Administrative Expenses	(170,013)	(194,159)

Expenses directly linked to rendering of services had been in prior year included in administrative expenses. It is considered more appropriate to present this in cost of sales therefore the prior year comparatives have been adjusted by £3,973,363. There is no impact as a result of this change in presentation on opening retained earnings as at 1 January 2016.

	2016 £	<i>Restated</i> 2015 £
Debtors	39,758,607	37,177,217
Cash at bank and in hand	987,718	386,712
Creditors: amounts falling due within one year	(56,847,195)	(55,509,771)

A deferred tax asset in the prior year of £52,801 was presented separately and in the current year has been reclassified to Debtors due after more than one year as presented in note 17.

In the prior year intercompany creditors had been netted off against intercompany debtors where there was no legal right of off-set. This has been corrected through a prior year restatement by reclassifying a £113,604 creditor balance from debtors to creditors.

In the prior year a cash overdraft had been netted off against cash at bank and in hand where there was no right of off-set. This has been corrected through a prior year restatement by reclassifying a £5,080 creditor balance from cash to creditors.

**5. Turnover**

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Services	15,329,918	15,465,424
Fuel Revenue	5,003,169	5,175,855
Property rental income	210,793	177,800
	<u>20,543,880</u>	<u>20,819,079</u>

All turnover arose within the United Kingdom.

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**6. Operating profit**

The operating profit is stated after charging / (crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	248,250	142,031
Exchange differences	(12,253)	29,460
Defined contribution pension cost	60,246	50,216
	<u>246,243</u>	<u>221,707</u>

**7. Auditor's remuneration**

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £68,644 (2015: £55,294).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent Company are required to disclose such fees on a consolidated basis.

**8. Employees**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,630,794	2,510,870
Social security costs	239,288	228,374
Cost of defined contribution scheme	60,246	50,216
	<u>2,930,328</u>	<u>2,789,460</u>

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

	2016 No.	2015 No.
Operations	81	80
Admin	12	12
	<u>93</u>	<u>92</u>

No directors remuneration is paid from Signature Flight Support UK Regions. See related party note 25.

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**9. Interest receivable**

	2016 £	2015 £
Interest receivable on bank deposits	341,507	331,511
	<u>341,507</u>	<u>331,511</u>

**10. Interest payable and similar charges**

	2016 £	2015 £
Interest payable to Group companies	1,085,190	1,042,393
	<u>1,085,190</u>	<u>1,042,393</u>

**11. Taxation**

	2016 £	2015 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(42,500)	32,093
Changes to tax rates	4,757	(396)
Prior year adjustment	163	-
<b>Total deferred tax</b>	<u>(37,580)</u>	<u>31,697</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(37,580)</u>	<u>31,697</u>

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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%) as set out below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,789,043	3,937,788
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	557,809	797,402
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,842	16,535
Adjustments to tax charge in respect of prior periods	163	-
Tax rate changes	4,757	(396)
Group relief	(627,151)	(781,844)
Total tax (credit) / charge for the year	(37,580)	31,697

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

For the year ended 31 December 2016 a UK Corporation rate of 20% has been used as enacted by Finance Act 2013. The Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015, provides for a reduction in the main rate of UK corporation tax to 19% effective from 1 April 2017. The rate is expected to further reduce to 17% from 1 April 2020, which was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax.

12. Deferred taxation

	2016 £	2015 £
At beginning of year	52,801	84,498
Charged to profit or loss	37,580	(31,697)
At end of year	90,381	52,801

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**12. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<b>2016 £</b>	<b>2015 £</b>
Accelerated capital allowances	<b>90,381</b>	<b>52,801</b>
	<b>90,381</b>	<b>52,801</b>

**13. Intangible Assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2016	<b>4,293,214</b>
<b>At 31 December 2016</b>	<b>4,293,214</b>

The Goodwill balance has arisen from the acquisition of Signature Refuelers Limited, Signature Flight Support Heathrow Limited, Signature Flight Support Catwick Limited and the acquisition of the trade and assets of a competitor at Biggin Hill. The Goodwill cost is recognised at the net book value as at 01 January 2014 per FRS 101. The cost value is subject to annual impairment reviews.

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**14. Tangible fixed assets**

	Land and Buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2016	652,880	1,406,221	692,897	619,154	3,371,152
Additions	56,663	48,245	96,557	14,341	215,806
Disposals	-	(256,633)	(32,559)	-	(289,192)
At 31 December 2016	<u>709,543</u>	<u>1,197,833</u>	<u>756,895</u>	<u>633,495</u>	<u>3,297,766</u>
<b>Depreciation</b>					
At 1 January 2016	373,736	570,119	380,307	587,728	1,911,890
Charge for the year on owned assets	42,660	134,666	54,546	16,378	248,250
Disposals	-	(224,075)	(10,368)	-	(234,443)
At 31 December 2016	<u>416,396</u>	<u>480,710</u>	<u>424,485</u>	<u>604,106</u>	<u>1,925,697</u>
<b>Net book value</b>					
At 31 December 2016	<u>293,147</u>	<u>717,123</u>	<u>332,410</u>	<u>29,389</u>	<u>1,372,069</u>
At 31 December 2015	<u>279,144</u>	<u>836,102</u>	<u>312,590</u>	<u>31,426</u>	<u>1,459,262</u>



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**15. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	32,276,955
Additions	1,073,205
At 31 December 2016	<u>33,350,160</u>
 <b>Net book value</b>	
At 31 December 2016	<u>33,350,160</u>
At 31 December 2015	<u>32,276,955</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Signature Flight Support London Luton Limited	Ordinary	100 %	Aviation support services
SFS (Gatwick) Limited	Ordinary	100 %	Aviation support services
Signature Flight Support (Gatwick) Limited	Ordinary	100 %	Aviation support services*
Signature Refuelers Limited	Ordinary	100 %	Aviation support services
Signature Flight Support Italy s.r.l	Ordinary	60 %	Aviation support services**

\* Held by subsidiary

\*\* Acquired April 2016

**16. Stocks**

	2016 £	2015 £
Raw materials and consumables	51,386	55,747
	<u>51,386</u>	<u>55,747</u>

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**17. Debtors**

	2016 £	<i>Restated (note 4) 2015 £</i>
<b>Due after more than one year</b>		
Amounts owed by group undertakings	29,300,000	27,000,000
Deferred tax asset	90,381	52,801
	<u>29,390,381</u>	<u>27,052,801</u>
	2016 £	<i>Restated (note 4) 2015 £</i>
<b>Due within one year</b>		
Trade debtors	1,835,052	1,726,536
Amounts owed by group undertakings	7,913,895	7,901,197
Other debtors	323,704	284,198
Prepayments and accrued income	295,575	212,485
	<u>10,368,226</u>	<u>10,124,416</u>

**18. Creditors: Amounts falling due within one year**

	2016 £	<i>Restated (note 4) 2015 £</i>
Bank overdrafts	48,633	5,080
Trade creditors	2,428,393	2,398,442
Amounts owed to group undertakings	54,074,582	52,753,202
Accruals and deferred income	295,587	353,047
	<u>56,847,195</u>	<u>55,509,771</u>

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**19. Contingent liabilities**

The Company participates in group banking arrangements with BBA Aviation PLC and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposits with its clearing bank. The company has access to the group's syndicated banking arrangements. The company has jointly and severally guaranteed the borrowings under these arrangements

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**20. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2 Authorised shares of £1 each	<u>2</u>	<u>2</u>

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**21. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	955,805	774,358
Later than 1 year and not later than 5 years	2,225,011	2,500,585
Later than 5 years	4,613,443	1,192,329
	<u>7,794,259</u>	<u>4,467,272</u>

**22. Related party transactions**

There were no related party transactions with parties other than BBA Aviation plc group companies in the period. With regards to transactions with other members of the BBA Aviation plc group, the company has taken advantage of the exemption available under FRS 101 not to disclose such transactions with 100% owned companies of the BBA Aviation plc group.

No directors' remuneration was paid out of SFS UK Regions Ltd in 2016 or 2015. The Directors were paid out of other BBA Aviation plc group companies.

**23. Controlling Party**

The ultimate parent company and controlling party is BBA Aviation plc, a company incorporated in the United Kingdom. BBA Aviation plc is the only company which prepares group financial statements incorporating the financial statements of the Company. These group financial statements are available to the public from the Company Secretary of BBA Aviation plc at 3rd Floor, 105 Wigmore Street, London, W1U 1QY. The immediate parent company is BBA Holdings Limited, a company incorporated in the United Kingdom.