

Registered number: SC169996

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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COMPANY INFORMATION

Directors Y Freeman (resigned 30 May 2019)
D Ruback (resigned 6 December 2019)
B Weaver (resigned 1 February 2019)
S Fallon (appointed 1 February 2019)
J-A Smith (appointed 8 July 2019)
A Cowie (appointed 6 December 2019)

Registered number SC169996

Registered office 115 George Street
4th Floor
Edinburgh
Scotland
EH2 4JN

Independent auditor Deloitte LLP
Statutory Auditor
1 New Street Square
London
United Kingdom
EC4A 3HQ

Bankers HSBC
14 Bradford Road
Cleckheaton
West Yorkshire
BD19 3JR

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 in the year.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The Company has not recognised any impairments in the year as a result of these developments. Despite the impact of the COVID-19 outbreak, the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Going concern considerations are discussed in further detail in the Director's Report.

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, the Company realised revenue in the year of £31,023,783 (2018 - £29,089,531) and achieved operating profit for the year of £5,324,728 (2018 - £5,641,813).

Average staff numbers were 101 (2018 - 99).

Financial key performance indicators

The Company's profit before taxation for the year was £3,951,688 (2018 - £4,575,798) driven by increased arrivals and fuel gallons sold.

The Company's balance sheet shows the Company's net asset position at £36,631,995 at the end of the period (2018 - £32,690,224). This year on year movement was driven by profit after tax of £3,941,771.

The Company intends to continue the principal activity which comprises the provision of ground aviation services including re-fuelling.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

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.

In addition, since March 2020, business operations have been impacted by the global COVID-19 pandemic. This is discussed further in note 24 to these financial statements.

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

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.

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.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

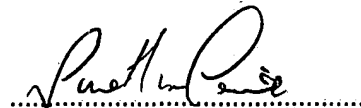
Liquidity/cash flow risk

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.



A Cowie
Director
Date: 21 December 2020

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Principal activity

The principal activity of the Company is to provide specialist on-airport support services, including ground handling and re-fuelling services, to the owners and operators of private and business aircraft.

Results and dividends

The profit for the year, after taxation, amounted to £3,941,771 (2018 - £4,526,332).

The Company's turnover for the year amounted to £31,023,783 (2018 - £29,089,531). The net asset position of the Company's balance sheet at the end of the year was £36,631,995 (2018 - £32,690,224).

The Directors do not recommend the payment of a dividend (2018 - £nil).

Directors

The Directors who served during the year and up to the date of signing were:

Y Freeman (resigned 30 May 2019)
D. Ruback (resigned 6 December 2019)
B Weaver (resigned 1 February 2019)
S Fallon (appointed 1 February 2019)
J-A Smith (appointed 8 July 2019)
A Cowie (appointed 6 December 2019)

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

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

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.

The Company participates in the Signature Aviation plc group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Directors have carried out a review of the Group's trading outlook and borrowing facilities, with due regard to the risks and uncertainties to which the Group is exposed, the uncertain economic climate, including Brexit (the impact of which is not expected to be significant) and the impact that this could have on trading performance.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Signature Aviation plc group to continue as a going concern or its ability to continue with the current banking arrangements.

The Directors have prepared budgets and cash flows for the period of at least twelve months from the date of the approval of the financial statements which demonstrates that the Company will be in a position to meet its liabilities as they fall due. Impact of COVID-19 has been taken into account with various mitigating actions taken. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis. Accordingly the financial statements do not include any adjustments to the carrying amount and classification of the assets and liabilities that may arise if the Company was unable to continue as a going concern.

Based on this review, the Directors' assessment of the Company's financial position and a letter of support received from Signature Aviation plc, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Future developments

For Company future prospects, please refer to the financial key performance indicators section of the Strategic Report.

Engagement with employees

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.

Matters covered in the strategic report

The matters pertaining to the material risks that the Company is exposed to is disclosed in the principal risks and uncertainties section of the Strategic Report.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

Disclosure of information to auditor

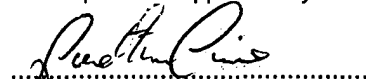
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- 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

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



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A. Cowie
Director
Date: 21 December 2020

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the Directors must not approve the audited 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 audited 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Signature Flight Support UK Regions Limited (the 'Company'):

- ◆ give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- ◆ the statement of comprehensive income;
- ◆ the balance sheet;
- ◆ the statement of changes in equity; and
- ◆ the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the '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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- ◆ the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

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 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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

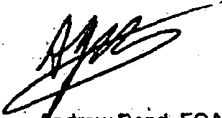
We have nothing to report in respect of these matters.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Andrew Bond, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
EC4A 3HQ
United Kingdom

Date: 21/12/2020

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	31,023,783	29,089,531
Cost of sales		(25,276,126)	(23,046,513)
Gross profit		5,747,657	6,043,018
Administrative expenses		(422,929)	(401,205)
Operating profit	5	5,324,728	5,641,813
Interest receivable and similar income	8	-	20,601
Interest payable and similar expense	9	(1,373,040)	(1,086,616)
Profit before taxation		3,951,688	4,575,798
Tax on profit	10	(9,917)	(49,466)
Profit for the financial year		3,941,771	4,526,332

There was no other comprehensive income for 2019 (2018 - £NIL).

The notes on pages 16 to 39 form part of these financial statements.

All operations are continuing for the financial period.

As a result of adopting IFRS 16, there has been no impact on opening reserves.

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REGISTERED NUMBER: SC169996

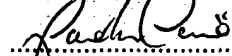
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible Assets	12	4,293,214	4,293,214
Tangible assets	13	8,137,793	2,853,903
Investments	14	34,061,517	34,061,517
		<u>46,492,524</u>	<u>41,208,634</u>
Current assets			
Stocks	16	59,205	54,235
Debtors	17	58,802,843	54,613,236
Cash at bank and in hand		414,873	401,359
		<u>59,276,921</u>	<u>55,068,830</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(64,651,415)	(63,555,386)
Net current liabilities		<u>(5,374,494)</u>	<u>(8,486,556)</u>
Total assets less current liabilities		<u>41,118,030</u>	<u>32,722,078</u>
Non current liabilities			
Deferred taxation	11	(41,771)	(31,854)
Creditors: amounts falling due after more than one year	19	(4,444,264)	-
		<u>(4,486,035)</u>	<u>(31,854)</u>
Net assets		<u>36,631,995</u>	<u>32,690,224</u>
Capital and reserves			
Called up share capital	21	2,273,635	2,273,635
Share premium account		1	1
Profit and loss account		34,358,359	30,416,588
		<u>36,631,995</u>	<u>32,690,224</u>

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED
REGISTERED NUMBER: SC169996

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2020.



A Cowie
Director

The notes on pages 16 to 39 form part of these financial statements.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED
REGISTERED NUMBER: SC169996

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	2,273,635	1	25,890,256	28,163,892
Comprehensive income for the year				
Profit for the year	-	-	4,526,332	4,526,332
Total comprehensive income for the year	-	-	4,526,332	4,526,332
At 31 December 2018	2,273,635	1	30,416,588	32,690,224
Comprehensive income for the year				
Profit for the year	-	-	3,941,771	3,941,771
Total comprehensive income for the year	-	-	3,941,771	3,941,771
At 31 December 2019	2,273,635	1	34,358,359	36,631,995

The notes on pages 16 to 39 form part of these financial statements.

As a result of adopting IFRS 16, there has been no impact on opening reserves.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

1. General information

Signature Flight Support UK Regions Limited is a Company incorporated in the United Kingdom (Scotland) under the Companies Act 2006 and registered in Scotland. The address of the registered office is given on the front page. The Company is private and limited by shares. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in Pounds Sterling as this 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 Signature Aviation plc. The group Financial Statements of Signature Aviation plc are available to the public and can be obtained as set out in note 23.

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, July 2016 and July 2017 and the Triennial Review Amendments issued by the FRC in December 2017.

Exemption taken per IFRS 3 Business Combinations from most of the detailed disclosure requirements of this standard, however some basic information would still need to be disclosed on the acquisition, including: the name of the acquired entity, the date of the acquisition and the percentage equity acquired, the fair value of the consideration paid, and the assets and liabilities acquired.

Exemption taken per IFRS 7 Financial Instruments from all the disclosure requirements of this standard.

Exemption taken per IAS 1 Presentation of Financial Statements from producing a statement of cash flows for period, a reconciliation of property, plant and equipment, intangible assets, investment properties, biological assets and the number of shares outstanding at the beginning and end of the comparative period, and from the capital management disclosures.

Exemption taken per IAS 7 Statement of Cash Flows from disclosing a statement of cash flows.

Exemption taken per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors from requirement to disclose details of a new IFRS which has been issued but is not yet effective and has not been applied by the entity.

Exemption taken per IAS 24 Related Party Disclosures from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to a transaction is wholly owned by a member.

Exemption taken per IAS 36 Impairment of Assets from disclosure of assumptions and the effect of changes in assumptions and valuation techniques, relating to cash generating units which contain goodwill or an intangible asset with an indefinite useful life.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

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 for more details.

2.3 Investments in subsidiaries

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

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 UK region bases. 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.

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

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Operating profit

Operating profit is stated before investment income and finance costs.

2.7 Impact of new international reporting standards, amendments and interpretations

IFRS 16 Leases

The Company adopted IFRS 16 Leases from 1 January 2019. IFRS 16 replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

IFRS 16 requires lessees to account for most contracts under an on-balance sheet model, with the distinction between operating and finance leases removed. In addition, the standard makes changes to the definition of a lease to focus on, amongst other things, which party has the right to direct the use of the asset.

The Company has applied the modified-retrospective transition method approach and consequently the comparatives have not been restated. There is no impact on reserves as a result of adopting the new standard.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

**Impact of new international reporting standards, amendments and interpretations
2.7 (continued)**

Practical expedients adopted on transition

On initial adoption, the Company has elected to use the following practical expedients permitted under the standard:

- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- IFRS 16 has been applied to contracts that were previously classified as leases under IAS 17 and IFRIC 4.

Practical expedients also exist to not recognise lease liabilities for short-term or low value leases, however on transition the Company has elected not to adopt these expedients.

Significant judgments applied in the adoption of IFRS 16 included determining an incremental borrowing rate where the rate implicit in a lease could not be readily determined.

Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. Applying IFRS 16, the Company now recognises right-of-use assets and lease liabilities on the balance sheet, initially measured at the present value of the future lease payments.

Lease incentives are recognised as part of the measurement of the right-of-use asset whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The Company recognises depreciation of right-of-use assets and interest on lease liabilities in the income statement, whereas under IAS 17 operating leases previously gave rise to a straight-line expense in the income statement.

Under both IFRS 16 and IAS 17 there is no net impact on the Company's cash flows.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

**Impact of new international reporting standards, amendments and interpretations
2.7 (continued)**

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Balance Sheet (extract)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Fixed assets			
Intangible assets	4,293,214	-	4,293,214
Tangible assets	2,853,903	6,270,055	9,123,958
Investments	34,061,517	-	34,061,517
	<u>41,208,634</u>	<u>6,270,055</u>	<u>47,478,689</u>
Current assets			
Stocks	54,235	-	54,235
Debtors	54,613,236	-	54,613,236
Cash at bank and in hand	401,359	-	401,359
Total current assets	<u>55,068,830</u>	<u>-</u>	<u>55,068,830</u>
Creditors: amounts falling due within one year	(63,555,386)	(1,138,840)	(64,694,226)
Total assets less current liabilities	<u>32,722,078</u>	<u>5,131,215</u>	<u>37,853,293</u>
Creditors: amounts falling due after more than one year	-	(5,131,215)	(5,131,215)
Deferred taxation	(31,854)	-	(31,854)
Net assets	<u><u>32,690,224</u></u>	<u><u>-</u></u>	<u><u>32,690,224</u></u>

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

Impact of new international reporting standards, amendments and interpretations

2.7 (continued)

Balance Sheet (extract) (continued)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Capital and reserves			
Called up share capital	2,273,635	-	2,273,635
Share premium account	1	-	1
Profit and loss account	30,416,588	-	30,416,588
	<u>32,690,224</u>	<u>-</u>	<u>32,690,224</u>

Operating lease commitments as disclosed in the 31 December 2018 financial statements was £7,184,778. At 1 January 2019 the opening IFRS 16 lease liability was £6,270,055. The difference is due to the impact of discounting.

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 profit or loss 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

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 Income Statement, except when it relates to items charged or credited to the Statement of Comprehensive Income, in which case the deferred tax is also dealt with 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

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 33%
Plant and machinery	- 3% to 50%
Motor vehicles	- 10% to 20%
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 profit or loss.

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.

Derecognition 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 derecognition 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

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

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

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 first in, first out 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 profit or loss.

2.13 Bad Debt provision

The Company holds a provision for bad debt which is calculated in line with the Signature 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

2.14 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.1 Classification of financial assets

The Company does not hold any financial assets classified as held at fair value through comprehensive income. Consequently all financial assets that meet the following conditions and are measured subsequently at amortised cost using the effective interest method:

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

By default, all other financial assets are measured subsequently at fair value through profit or loss.

2.14.2 Impairment of financial assets

Financial assets, other than those carried at fair value through the profit and loss account, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

2.14.3 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.15 Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.15.2 Financial liabilities

The Company does not hold any financial liabilities classified as held at fair value through profit or loss. Consequently all financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2.15.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Leases

Accounting policy for leases

When a contractual arrangement contains a lease, the Company recognises a lease liability and a corresponding right-of-use asset at the commencement of the lease.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

2. Accounting policies (continued)

2.16 Leases (continued)

At the commencement date the lease liability is measured at the present value of the future lease payments, discounted using the Company's incremental borrowing rate where the interest rate in the lease is not readily determined.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

In general, where extension options exist, the Company recognises these as part of the lease liability as invariably these are exercised.

The lease liability is presented within the creditors note to the financial statements. Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. In addition, on transition, the right-of-use asset is adjusted for:

- the value of any lease incentives on the Balance Sheet at 31 December 2018
- the value of any onerous lease provisions on the Balance Sheet at 31 December 2018.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove

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

2. Accounting policies (continued)

2.16 Leases (continued)

a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognised and measured under IAS 37 and included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within the tangible fixed asset note to the financial statements.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur and are generally included within cost of sales in the income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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

In review of critical judgments in accounting policies and estimates, management consider there to be no critical judgments or other key sources of estimation uncertainty. At the balance sheet date we believe there to be no significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

4. Turnover

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

	2019 £	2018 £
Rendering of services	21,897,964	20,085,076
Sale of goods	8,565,406	8,475,215
Property rental income	560,413	529,240
	<u>31,023,783</u>	<u>29,089,531</u>
	2019 £	2018 £
United Kingdom	31,023,783	29,089,531
	<u>31,023,783</u>	<u>29,089,531</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	<u>1,670,109</u>	<u>423,496</u>

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £67,199 (2018 - £50,931).

No fees were payable to Deloitte LLP and their associates for non-audit services by the Company.

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

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,122,066	2,956,766
Social security costs	251,198	243,467
Cost of defined contribution scheme	99,312	78,366
	<u>3,472,576</u>	<u>3,278,599</u>

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

	2019 No.	2018 No.
Operations	90	88
Admin	11	11
	<u>101</u>	<u>99</u>

No Director's remuneration is paid from Signature Flight Support UK Regions Limited. See related party note 23.

8. Interest receivable

	2019 £	2018 £
Interest receivable on bank deposits	-	20,601

9. Interest payable and similar expenses

	2019 £	2018 £
Interest payable to Group companies	1,108,908	1,086,616
Interest on lease liabilities	264,132	-
	<u>1,373,040</u>	<u>1,086,616</u>

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

10. Taxation

	2019 £	2018 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	8,820	23,686
Changes to tax rates	3,747	(5,819)
Prior year adjustment	(2,650)	31,599
Total deferred tax	9,917	49,466
Taxation on profit on ordinary activities	9,917	49,466

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	3,951,688	4,575,798
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	750,821	869,402
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	61,029	38,911
Adjustments to tax charge in respect of prior periods	(2,650)	31,599
Tax rate changes	3,747	(5,819)
Group relief	(803,030)	(884,627)
Total tax charge for the year	9,917	49,466

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

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

11. Deferred taxation

	2019 £	2018 £
At beginning of year	(31,854)	17,612
Charged to profit or loss	(9,917)	(49,466)
At end of year	(41,771)	(31,854)

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(43,392)	(31,854)
Other timing differences	1,621	-
	(41,771)	(31,854)

12. Intangible Assets

	£
Cost	
At 1 January 2019	4,293,214
At 31 December 2019	4,293,214
Net book value	
At 31 December 2019	4,293,214
<i>At 31 December 2018</i>	<i>4,293,214</i>

The Goodwill balance has arisen from the acquisition of Signature Refuelers Limited, Signature Flight Support Heathrow Limited, Signature Flight Support Gatwick Limited and the acquisition of 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.

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

13. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2019	2,263,502	1,074,765	1,008,449	843,014	5,189,730
Impact of change in accounting policy	6,385,700	130,657	-	-	6,516,357
At 1 January 2019 (adjusted balance)	8,649,202	1,205,422	1,008,449	843,014	11,706,087
Additions	225,475	155,467	40,345	42,208	463,495
Disposals	(30,120)	-	(34,162)	(5,668)	(69,950)
At 31 December 2019	8,844,557	1,360,889	1,014,632	879,554	12,099,632
Depreciation					
At 1 January 2019	636,038	430,022	562,486	707,281	2,335,827
Charge for the year on owned assets	130,607	130,998	102,631	52,566	416,802
Charge for the year on right- of-use assets	1,142,884	110,423	-	-	1,253,307
Disposals	(4,267)	-	(34,162)	(5,668)	(44,097)
At 31 December 2019	1,905,262	671,443	630,955	754,179	3,961,839
Net book value					
At 31 December 2019	6,939,295	689,446	383,677	125,375	8,137,793
At 31 December 2018	1,627,464	644,743	445,963	135,733	2,853,903

Impact of change in accounting policy relates to the adoption of IFRS 16 and the recognition of right-of-use assets.

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Short leasehold	6,939,295	1,627,464

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

13. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2019 £
Tangible fixed assets owned	2,874,743
Right-of-use tangible fixed assets	5,263,050
	<u>8,137,793</u>

Information about right-of-use assets is summarised below:

Net book value

	2019 £
Land and buildings	5,242,816
Plant and machinery	20,234
	<u>5,263,050</u>

Depreciation charge for the year ended

	2019 £
Land and buildings	(1,142,884)
Plant and machinery	(110,423)
	<u>(1,253,307)</u>

Additions to right-of-use assets

	2019 £
Additions to right-of-use assets	<u>246,303</u>

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	34,061,517
At 31 December 2019	<u>34,061,517</u>
Net book value	
At 31 December 2019	<u>34,061,517</u>
At 31 December 2018	<u>34,061,517</u>

15. Subsidiary Undertakings

Name	Class of Shares	Holding	Principal Activity	Country	Registered Office
Signature Flight Support London Luton Limited	Ordinary	100%	Aviation support services	UK	Voyager House, 142 Prospect Way, Luton, Bedfordshire, LU2 9QH
SFS (Gatwick) Limited	Ordinary	100%	Aviation support services	UK	Voyager House, 142 Prospect Way, Luton, Bedfordshire, LU2 9QH
Signature Flight Support (Gatwick) Limited*	Ordinary	100%	Aviation support services	UK	Voyager House, 142 Prospect Way, Luton, Bedfordshire, LU2 9QH
Signature Refuelers Limited	Ordinary	100%	Aviation support services	UK	4th Floor, 115 George Street, Edinburgh, EH2 4JN
Signature Flight Support Italy s.r.l	Ordinary	100%	Aviation support services	Italy	Viale Dell Aviazione 65, Milano, MI 20138

* Held by subsidiary

SIGNATURE FLIGHT SUPPORT UK REGIONS LIMITED

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

16. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>59,205</u>	<u>54,235</u>

17. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	53,777,878	48,112,335
Trade debtors	3,914,150	5,912,772
Other debtors	704,982	322,375
Prepayments and accrued income	405,833	265,754
	<u>58,802,843</u>	<u>54,613,236</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. For related party transactions there is no provision provided for guarantees or collateral.

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	59,012,531	57,794,772
Trade creditors	4,540,892	5,568,453
Lease liabilities	933,252	-
Accruals and deferred income	128,710	153,789
Other creditors	18,046	16,973
Other taxation and social security	15,469	21,399
Bank overdrafts	2,515	-
	<u>64,651,415</u>	<u>63,555,386</u>

Amounts owed to group undertakings include a £29.5m interest bearing loan (3 months LIBOR + 3%) with a carrying value of £40.1m to Signature Flight Support Limited. Remaining amounts owed to group undertakings are unsecured, interest free and repayable on demand. For related party transactions there is no provision provided for guarantees or collateral.

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

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

	2019 £
Lease liabilities	4,444,264

This relates to the adoption of IFRS 16 and the recognition of lease liabilities.

20. Leases

Company as a lessee

The Company holds property and equipment under leasing arrangements that are recognised as right-of-use assets and lease liabilities, with remaining lease terms ranging up to 18 years in duration. The majority of the lease liability relates to the long-term leases at the Company's FBO.

Lease liabilities are due as follows:

	2019 £
Not later than one year	933,252
Between one year and five years	2,917,933
Later than five years	1,526,331
	<u>5,377,516</u>

Contractual undiscounted cash flows are due as follows:

	2019 £
Not later than one year	1,159,258
Between one year and five years	3,460,279
Later than five years	1,718,513
	<u>6,338,050</u>

The average lease term was 4 years for FBO leasehold improvements and 1 year for equipment. In 2019 the average effective borrowing rate for the Company was 3.95% interest rates were fixed at the contract date or varied based on prevailing interest rates.

The fair value of the Company's lease liabilities approximates their carrying amount.

The Company's lease liabilities are secured by the lessors' charges over the leased assets.

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20. Leases (continued)

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2019 £
Interest payable and similar expense	<u>264,132</u>

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,273,635 (2018 - 2,273,635) Authorised shares of £1.00 each	<u>2,273,635</u>	<u>2,273,635</u>

22. Related party transactions

There were no related party transactions with parties other than Signature Aviation plc group companies in the period. With regards to transactions with other members of the Signature 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 Signature Aviation plc group.

No Directors' remuneration was paid out of SFS UK Regions Ltd in 2019 or 2018. The Directors were paid £642,175 (2018 - £434,173) out of other Signature Aviation plc group companies though this can't be allocated between the group.

23. Controlling Party

The ultimate parent company and controlling party is Signature Aviation plc, a company incorporated in the United Kingdom. Signature Aviation plc is the only company which prepares group financial statements incorporating the financial statements of the Company. Signature Aviation plc is therefore, both the smallest and the largest group for which group accounts are drawn up. These group financial statements are available to the public from the Company Secretary of Signature Aviation plc at 3rd Floor, 105 Wigmore Street, London, W1U 1QY. The immediate parent company is Signature Holdings Limited, a company incorporated in the United Kingdom. The registered address for the immediate and ultimate parent company is the same as above.

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24. Post balance sheet events

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The Company has not recognised any impairments in the year as a result of these developments. Despite the impact of the COVID-19 outbreak, the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Going concern considerations are discussed in further detail in the Director's Report.