
H+S AVIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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H+S AVIATION LIMITED

COMPANY INFORMATION

Directors

M R Johnstone
M Stubbs
W J Bonder
M R Jeram
P A Jupp

Registered number

00422128

Registered office

Airport Service Road
Portsmouth
Hampshire
PO3 5PJ

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
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EC4A 3BZ

Bankers

HSBC Bank PLC
14 Bradford Road
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BD19 3JR

Barclays Bank PLC
City Service Centre
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54 Lombard Street
London
EC3V 9EX

Solicitors

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3 Noble Street
London
EC2V 7EE

Eversheds Sutherland
Cloth Hall
Infirmary Street
Leeds
OS1 2JV

H+S AVIATION LIMITED

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H+S AVIATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors of H+S Aviation Limited (the 'Company'), in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principle activities and business review

The principle activities of the Company are the overhaul and repair of aviation engines and associated components.

There have been no significant changes in the principle activities in the year under review.

H+S Aviation Limited is a private company limited by shares, registered in England & Wales. Its registered office is Airport Service Road, Portsmouth, Hampshire PO3 5PJ.

The results for the years ended 2017 and 2016 are set out on page 10. Sales for the year show an increase of 6% in comparison to 2016. The profit for the year after taxation amounted to £1,785k (2016: loss £844k). Operating profit as a percentage of sales for the year amounted to 4% (2016: loss -4%) which was an increase compared to the 2016 financial year. The year on year uplift seen on sales and profit is attributed to strengthened positions across certain engine platforms, coupled with the effect of the company re-structure incurred in 2016.

The business still faces trading challenges in certain areas, however, the positive results seen in 2017 are encouraging.

The business continued to support its subsidiary, H+S Aviation Middle East LLC, throughout 2017. The facility, based in Abu Dhabi, is licenced to repair and overhaul PW200, PW210, and PT6C engines manufactured by Pratt and Whitney. On 19 February 2018, the decision was made to close the Abu Dhabi facility, stemming from a number of trading and market factors. The investment in H+S Middle East LLC has been fully impaired based on this decision which resulted in a write down of £86k to investments. H+S Aviation Limited will continue to support the facility throughout its wind down phase.

Principle risks and uncertainties

One of the principle risks to H+S Aviation Limited is currency fluctuation.

A significant proportion of H+S Aviation Limited's sales are denominated in US Dollars, although this is offset to an extent by dollar denominated material costs.

Management are minimising this exposure, where possible, through hedging US Dollar cash inflows. The hedging of the US Dollar cash flows covers a maximum timescale of 30 months and therefore a medium-term risk still exists.

Testing of engines is critical to H+S Aviation Limited's operations. Failure of one or more test beds would substantially affect its ability to test engines and dispatch within agreed timelines. There are alternative test beds available for sub-contract testing should the need arise, however, the use of these would incur additional costs and extend delivery time to the customer.

Further uncertainties affecting the business relate to market uncertainties, affected by competitor behaviour (mergers/acquisitions) and OEM strategies, and the future of legacy engine platforms and operator strategies going forward.

H+S AVIATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Financial key performance indicators

The key performance indicators used for monitoring business performance include the return on sales (profit/loss after tax as a percentage of revenue), which in the current year was 3% (2016: -1.7%), the ROIC (operating profit/loss as a proportion of invested capital) which was 5.7% (2016: -4.1%), the inventory stock turn which was 3 times during 2017 (2016: 3 times) and the days billed sales outstanding (DSO) which was 51 days at 31 December 2017 (2016: 48 days).

Health, safety and environmental matters

H+S Aviation Limited holds ISO 14001:2009 accreditation. This is an internationally accepted standard that sets out how to put in place an effective Environmental Management System. The audits are carried out on site twice yearly.

Continuing on from earlier years, all new employees have been put through a Safestart training programme which highlights how individual actions can help make the workplace a safer place for all. This is brought to life weekly through a stand up meeting for all teams where safety is discussed, encompassing near misses around the business as a whole, and learning points from them, together with other unsafe acts witnessed outside the business that we can all learn from.

All employees also continue to receive human factors training which focuses on the impact of human error in the aviation industry.

The business has implemented a safety management system (SMS).

Future developments

H+S Aviation Limited continue to work on delivering an exceptional customer service offering within its UK business, to increase our market penetration.

On 19 February 2018, the Company announced that it would be exiting its business in the Middle East, in order to focus attention across its UK business units. For this reason the investment in H+S Middle East has been fully impaired in 2017.

We continue to target market share growth in our current product range that we have immense knowledge and experience in, and also target product expansion in line with our current strategy.

In its interim results published in August 2018, BBA Aviation Plc disclosed that it had now completed the strategic review of its Engine Repair and Overhaul (ERO) business, which includes H+S Aviation Limited, and reclassified the business as held for sale and reported it as a discontinued operation.

BBA Aviation now consider the sale of the business to be highly probable, albeit there is no certainty that an acceptable transaction will result.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk and credit risk. The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. This is highlighted as one of the key risks to H+S Aviation Limited and is tackled in the principle risk section above.

H+S AVIATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

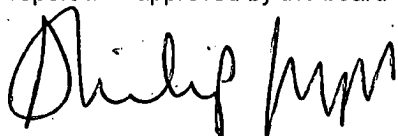
Credit risk

H+S Aviation Limited's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company has a credit insurance policy to mitigate credit risk. However, it has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

As the majority of the financial risks and funding requirements are managed by the treasury function of the ultimate parent Company, BBA Aviation Plc, the directors consider these risks fully mitigated.

This report was approved by the board on 26 September 2018 and signed on its behalf.



P A Jupp
Director

H+S AVIATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments for consistency 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 proper 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.

Directors' indemnities

The Company has entered into deeds of indemnity in favour of each of its directors, under which the Company agrees to indemnify each director against liabilities incurred by that director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office.

Where such deeds are for the benefit of directors, they are qualifying third party indemnity provisions as defined by section 309B of the Companies Act 1985 or section 234 of the Companies Act 2006, as applicable. At the date of this report, these indemnities are therefore in force for the benefit of all the current directors of the Company and other members of senior management.

Principle activities

The principle activities are disclosed in the Strategic Report.

Business review

Under section 414C(11) of the Act, the directors have included their 'Business Review' within the strategic report rather than within the directors' report as they are considered of strategic importance to the Company.

H+S AVIATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Results and dividends

The profit for the year, after taxation, amounted to £1,785k (2016 - loss £844k).

No final dividend has been proposed by the directors (2016: £nil). No interim dividend was paid in 2017 (2016: £nil).

Directors

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

M R Johnstone
M Stubbs
W J Bonder
M R Jeram (appointed 17 May 2017)
P A Jupp (appointed 2 August 2017)

Going Concern

The Company has sufficient financial resources in the form of backing from its parent company, BBA Aviation Plc, together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and have therefore adopted the going concern basis in preparing the annual report and accounts.

Principle risks and uncertainties

The principle risks and uncertainties are disclosed in the Strategic Report.

Business Partner Assessment

As part of BBA Aviation Plc, H+S Aviation Limited is committed to the highest level of ethical conduct and operating its business in compliance with applicable laws, rules and regulations in each jurisdiction in which it conducts business. During 2014 the business implemented set criteria to assess business partners before commencement of activity, thereby ensuring that any potential corruption or reputation risks associated with them are promptly identified and addressed. These assessments continue to be successfully undertaken.

Future developments

Under section 414C(11) of the Act, the directors have included 'Future Developments' within the strategic report rather than within the directors' report as they are considered of strategic importance to the Company.

Company's policy for payment of creditors

The Company's policy is to provide suppliers with the Company's standard conditions of trading for the purchase of goods and services, and to abide by those conditions. Trade creditors of the Company at 31 December 2017 were equivalent to 86 (2016: 68) days' purchases.

Employee involvement

The Company is committed to employee participation, encouraging the development of co-operation with employees by involving and consulting the Employee Council in staff welfare issues, and through regular communication meetings with employees.

H+S AVIATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post balance sheet events

On 19 February 2018, the Company announced that it would be exiting its business in the Middle East, in order to focus attention across its UK business units.

In its interim results published in August 2018, BBA Aviation Plc disclosed that it had now completed the strategic review of its Engine Repair and Overhaul (ERO) business, which includes H+S Aviation Limited, and reclassified the business as held for sale and reported it as a discontinued operation.

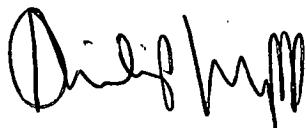
BBA Aviation now consider the sale of the business to be highly probable, albeit there is no certainty that an acceptable transaction will result.

There have been no other significant events affecting the Company since the year end.

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 on 26 September 2018 and signed on its behalf.



P A Jupp
Director

H+S AVIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H+S AVIATION LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of H+S Aviation Limited (the 'company') which comprise:

- ◆ the profit and loss account;
- ◆ the statement of comprehensive income;
- ◆ the balance sheet;
- ◆ the statement of changes in equity;
- ◆ and the related notes 1 to 26.

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 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

H+S AVIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H+S AVIATION LIMITED (CONTINUED)

inconsistencies or apparent material 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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.

H+S AVIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H+S AVIATION LIMITED (CONTINUED)

- ♦ the directors' were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

S Butters

Sonya Butters (Senior statutory auditor)
For and on behalf of
Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3BZ

26 September 2018

H+S AVIATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Turnover	2	54,214	51,031
Cost of sales		(37,727)	(33,786)
Gross profit		16,487	17,245
Distribution costs		(340)	(416)
Administrative expenses		(14,133)	(18,822)
Other operating income	3	23	42
Operating profit/(loss)	4	2,037	(1,951)
Interest receivable and similar income	7	184	425
Interest payable and similar expenses	8	(27)	(37)
Profit/(loss) before tax		2,194	(1,563)
Tax on profit/(loss)	9	(409)	719
Profit/(loss) for the financial year		1,785	(844)

The notes on pages 14 to 35 form part of these financial statements.

H+S AVIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Profit/(loss) for the financial year		1,785	(844)
Other comprehensive income			
Fair value movements in foreign exchange cash flow hedges		1,602	(732)
Tax relating to components of other comprehensive income which may be reclassified to the profit and loss account		(301)	132
Transfer from revaluation reserve to the profit and loss account		51	51
Other comprehensive income/(loss) for the year		1,352	(549)
Total comprehensive income/(loss) for the year		3,137	(1,393)

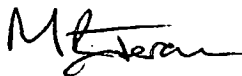
The notes on pages 14 to 35 form part of these financial statements.

H+S AVIATION LIMITED**REGISTERED NUMBER: 00422128**

BALANCE SHEET**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	12	914	1,194
Tangible assets	13	5,715	6,048
Investments	14	-	86
		<u>6,629</u>	<u>7,328</u>
Current assets			
Stocks	15	13,708	12,486
Debtors: amounts falling due within one year	16	64,740	57,755
Cash at bank and in hand	17	1,467	1,455
		<u>79,915</u>	<u>71,696</u>
Creditors: amounts falling due within one year	18	(23,562)	(19,128)
Net current assets		<u>56,353</u>	<u>52,568</u>
Total assets less current liabilities		<u>62,982</u>	<u>59,896</u>
Net assets		<u>62,982</u>	<u>59,896</u>
Capital and reserves			
Called up share capital	21	7,500	7,500
Revaluation reserve		1,267	1,318
Foreign exchange reserve		159	(1,142)
Profit and loss account		54,056	52,220
		<u>62,982</u>	<u>59,896</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2018.



M R Jeram
Director

H+S AVIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Revaluation reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2016	7,500	1,369	(542)	53,013	61,340
Comprehensive loss for the year					
Loss for the year	-	-	-	(844)	(844)
Fair value movements in foreign exchange cash flow hedges	-	-	(732)	-	(732)
Deferred tax	-	-	132	-	132
Transfer from revaluation reserve to the profit and loss account	-	-	-	51	51
Total comprehensive loss for the year	-	-	(600)	(793)	(1,393)
Items which may be reclassified to the profit and loss account	-	(51)	-	-	(51)
At 31 December 2016	7,500	1,318	(1,142)	52,220	59,896
Comprehensive income for the year					
Profit for the year	-	-	-	1,785	1,785
Fair value movements in foreign exchange cash flow hedges	-	-	1,602	-	1,602
Deferred tax	-	-	(301)	-	(301)
Transfer from revaluation reserve to the profit and loss account	-	-	-	51	51
Total comprehensive income for the year	-	-	1,301	1,836	3,137
Items which may be reclassified to the profit and loss account	-	(51)	-	-	(51)
At 31 December 2017	7,500	1,267	159	54,056	62,982

The notes on pages 14 to 35 form part of these financial statements.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 The principle accounting policies

The principle accounting policies of the Company are set out below and have been applied consistently throughout the current and preceding year. H+S Aviation Limited continues to report in GBP as it has done historically but is considering changing its reporting currency in the future to US Dollars.

The Company is a wholly owned subsidiary of BBA Aviation Plc, and is included in the consolidated financial statements of BBA Aviation Plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements. Where relevant, equivalent disclosures have been given in the group accounts of BBA Aviation Plc. The consolidated group accounts of BBA Aviation Plc are available to the public and can be obtained as set out in note 25.

1.2 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 judgement in applying the Company's accounting policies.

The following principle accounting policies have been applied:

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.3 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.4 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover and associated profit arising from engine repair and overhauls are recognised on a percentage completion basis once the terms of the contract have been agreed with the customer and ultimate profitability of the contract can be determined with reasonable certainty. All current contracts are reviewed each period to ensure that there are no indications of a reduction in expected profitability.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged using the straight-line method over their estimated useful lives.

The estimated useful lives range as follows:

License Fees	-	7 to 17 years
Software	-	3 years

1.6 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.

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:

Long-term leasehold property	-	Over the life of the lease
Plant, machinery and tools	-	7 to 15 years
Motor vehicles	-	4 years
Fixtures, fittings and equipment	-	3 to 10 years

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 profit and loss account.

Depreciation is provided on aviation engines to write off the cost less estimated residual value over the engine's remaining flight hours, based on actual hours flown.

Assets under construction are not depreciated until the assets is in service. The assets are the transferred to the appropriate category and depreciated as indicated above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the profit and loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

1.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.10 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 actual cost 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.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the balance sheet at fair value with changes in fair value recognised in the profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.13 Financial instruments (continued)

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

1.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Profit and Loss Account on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

1.17 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.18 Pension

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 profit and loss account when they fall due, and the cost is shown in Note 5. 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.

1.19 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

1.20 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

1.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.22 Current and deferred 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.

1.23 Cash flow statement

The Company has taken advantage of the exemption under FRS 101 and has not produced a cash flow statement since its ultimate holding Company produces a consolidated cash flow statement that is publicly available.

1.24 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business on page 1. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described on pages 2 and 3. In addition, the directors' report to the financial statements includes the Company's objectives, policies and processes for managing its capital; financial risk management objectives; details of its financial instruments and hedging activities; its exposure to credit risk and liquidity risk.

The Company has sufficient financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and have therefore adopted the going concern basis in preparing the annual report and accounts.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.25 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where significant judgements have been made include:-

Management judgement is required to establish that the carrying value of inventory across the business is appropriate, in particular in relation to determining the appropriate level of inventory provisioning against surplus and obsolete items. The judgement reflects the nature of the businesses operations which means that inventory must be held to support aircraft engine overhaul cycles, resulting in inventory which can be held for extended periods of time before utilisation.

Revenue recognised in the business requires management judgement to estimate the stage of completion and profitability of contracts to determine the amount of revenue and profit to be recorded for engine overhauls in progress at the year-end.

During 2017, an impairment charge has been recognised relating to the tangible assets of the business following continued challenging trading conditions.

2. Turnover

	2017 £000	2016 £000
External revenue	51,622	47,911
Internal revenue	2,592	3,120
	<u>54,214</u>	<u>51,031</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	7,581	9,940
Rest of Europe	16,741	11,082
Rest of the World	29,892	30,009
	<u>54,214</u>	<u>51,031</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Other operating income

	2017 £000	2016 £000
Sundry income	23	42
	<u>23</u>	<u>42</u>

4. Operating profit/(loss)

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

	2017 £000	2016 £000
Depreciation of tangible fixed assets	672	953
Impairment of tangible fixed assets	30	2,684
Amortisation of intangible assets, including goodwill	280	345
Impairment of intangible assets	-	580
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	49	49
Exchange differences	(709)	12
Operating lease rentals	137	130
Defined contribution pension cost	635	466
Defined benefit pension cost	-	433
	<u></u>	<u></u>

No amounts for other services have been paid to the auditor (2016: £nil).

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	11,794	11,640
Social security costs	952	718
Cost of defined benefit scheme	-	433
Cost of defined contribution scheme	635	466
	<u>13,381</u>	<u>13,257</u>

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

	2017 No.	2016 No.
Manufacturing	162	175
Administration	104	116
	<u>266</u>	<u>291</u>

6. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	116	220
Company contributions to defined contribution pension schemes	4	4
	<u>120</u>	<u>224</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £47k (2016 - £105k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £0.2k (2016 - £NIL).

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Interest receivable and similar income

	2017 £000	2016 £000
Other interest receivable	184	425
	<u>184</u>	<u>425</u>

8. Interest payable and similar expenses

	2017 £000	2016 £000
Bank interest payable	27	37
	<u>27</u>	<u>37</u>

9. Tax on profit/(loss)

	2017 £000	2016 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	105	(719)
Changes to tax rates	22	-
Prior year adjustment	282	-
Total deferred tax	<u>409</u>	<u>(719)</u>
Taxation on profit/(loss) on ordinary activities	<u>409</u>	<u>(719)</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Tax on profit/(loss) (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit/(loss) on ordinary activities before tax	2,194	(1,563)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	422	(313)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23	15
Prior year adjustment	282	-
Group relief	(340)	(421)
Tax rate changes	22	-
Total tax charge/(credit) for the year	409	(719)

Factors that may affect future tax charges

From 1 April 2017, the main rate of UK Corporation Tax fell from 20% to 19%. Further legislation has been enacted to reduce the main rate of Corporation Tax to 17% from 1 April 2020.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences to which they relate unwind based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Since the future reduction of the corporation tax rate to 17% was enacted by the balance sheet date, the deferred tax balances at 31 December 2017 have been assessed accordingly.

10. Dividends

No final dividend has been proposed for the year ended 2017 (2016: £nil).

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Exceptional administrative expenses

	2017 £000	2016 £000
Impairment review	86	3,264
Restructuring costs	565	722
	<u>651</u>	<u>3,986</u>

On 19 February 2018, the decision was made to close the H+S Middle East LLC Abu Dhabi facility, stemming from a number of trading and market factors. The Investment in H+S Middle East LLC has been fully Impaired based on this decision which resulted in a write down of £86k to Investments.

In 2016 an impairment review was undertaken by BBA Aviation plc which resulted in a write down of £3,264k being applied to the intangible and tangible asset base of H+S Aviation Limited. This impairment was based upon the trading challenges faced by the business, a marked downturn in market for the engine platforms on which the Company operates, with no visible recovery noted due largely to structural changes in 2016 to the oil and gas market.

Exceptional costs of £565k were incurred in 2017 that related to restructuring the business cost base to align with market expectations (2016: £722k).

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

	License Fees and Software £000
Cost	
At 1 January 2017	6,290
At 31 December 2017	<u>6,290</u>
Accumulated amortisation and impairment	
At 1 January 2017	5,096
Charge for the year	280
At 31 December 2017	<u>5,376</u>
Net book value	
At 31 December 2017	<u>914</u>
At 31 December 2016	<u>1,194</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 January 2017	6,371	19,169	125	1,345	2,164	29,174
Additions	143	280	11	121	-	555
Disposals	-	-	-	-	(353)	(353)
At 31 December 2017	6,514	19,449	136	1,466	1,811	29,376
Accumulated depreciation and impairment						
At 1 January 2017	3,111	17,386	121	1,337	1,171	23,126
Charge for the year on owned assets	240	396	3	15	18	672
Disposals	-	-	-	-	(167)	(167)
Impairment charge	-	-	-	-	30	30
At 31 December 2017	3,351	17,782	124	1,352	1,052	23,661
Net book value						
At 31 December 2017	3,163	1,667	12	114	759	5,715
At 31 December 2016	3,260	1,783	4	8	993	6,048

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Investments

	Subsidiary £000
At 1 January 2017	86
Amounts written off	(86)
At 31 December 2017	-
At 31 December 2017	-
At 31 December 2016	86

Subsidiary undertakings

Name

H+S Aviation Middle East LLC

H+S Aviation Middle East LLC was a subsidiary company throughout the year, with 100% of its ordinary share capital being held by H+S Aviation Limited. This company's principle activity was also that of engine repair and overhaul and is based in Abu Dhabi, United Arab Emirates. H+S Middle East LLC is a limited liability company and is incorporated in the Emirate of Abu Dhabi under license number ADAFZ00121.

On 19 February 2018, the decision was made to close the Abu Dhabi facility, stemming from a number of trading and market factors.

Registered office :

Abu Dhabi Airport
Logistics Park,
Warehouse Number
A15, PO Box 114079,
Abu Dhabi, United Arab
Emirates

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, related party transactions and the preparation of group accounts.

Where relevant, equivalent disclosures have been given in the group accounts of BBA Aviation Plc. The group accounts of BBA Aviation Plc are available to the public and can be obtained as set out in note 25.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Stocks

	2017 £000	2016 £000
Raw materials and Work in Progress	13,708	12,486
	<u>13,708</u>	<u>12,486</u>

16. Debtors: amount falling due within one year

	2017 £000	2016 £000
Trade debtors	18,155	16,838
Amounts owed by group companies	44,290	38,289
Other debtors	623	1,500
Prepayments and accrued income	1,176	409
Deferred taxation	9	719
Derivative financial instruments	487	-
	<u>64,740</u>	<u>57,755</u>

Amounts owed by parent and group undertakings are interest free and payable on demand.

17. Cash at bank and in hand

	2017 £000	2016 £000
Cash at bank and in hand	1,467	1,455
	<u>1,467</u>	<u>1,455</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	10,411	8,604
Amounts owed to group companies	11,483	3,950
Other taxation and social security	6	275
Other creditors	61	48
Accruals and deferred income	1,601	3,853
Derivative financial instruments	-	2,398
	<u>23,562</u>	<u>19,128</u>

Bank loans and overdrafts are part of a group set off arrangement where group companies guarantee the overdraft.

Amounts owed to group companies are interest free and payable on demand.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at fair value through profit or loss	1,467	1,455
Financial assets that are debt instruments measured at amortised cost	63,068	56,627
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	487	-
	<u>65,022</u>	<u>58,082</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(2,398)
Financial liabilities measured at amortised cost	(23,556)	(16,455)
	<u>(23,556)</u>	<u>(18,853)</u>

Financial assets measured at fair value through profit or loss comprise bank balances and cash balances.

Financial assets that are equity instruments measured at cost less impairment comprise all elements constituting the debtors balance, excluding the forward rate contracts, deferred taxation, prepayments and accrued income.

Derivative financial liabilities measured at fair value through profit or loss comprise forward exchange rate contracts used to hedge foreign currency exchange risk.

Financial liabilities measured at amortised cost comprise all elements constituting the creditors balance, excluding the forward rate exchange contracts, accruals, deferred income, other taxation and social security.

20. Deferred tax

	2017 £000	2016 £000
At beginning of year	719	(132)
Charged to the profit or loss	(409)	719
Charged to other comprehensive income	(301)	132
At end of year	<u>9</u>	<u>719</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Deferred tax (continued)

	2017 £000	2016 £000
Accelerated capital allowances	29	442
Cash flow hedges	(32)	268
Other	12	9
	<u>9</u>	<u>719</u>

21. Called up share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
7,500,000 Ordinary shares of £1 each	<u>7,500</u>	<u>7,500</u>

22. Contingent liabilities

At 31 December 2017 the Company had contingent liabilities, in the form of bank guarantees, arising in the ordinary course of business of £217k (2016: £646k).

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	Restated 2016 £000
Not later than 1 year	137	140
Later than 1 year and not later than 5 years	511	522
Later than 5 years	8,382	8,507
	<u>9,030</u>	<u>9,169</u>

The 2016 comparatives have been restated due to an error on the recorded cessation date of a property lease.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24. Related party transactions

H+S Aviation Limited, as a wholly-owned subsidiary undertaking of BBA Aviation Plc, has taken advantage of the exemption granted under FRS 101 not to disclose transactions with entities that are part of BBA Aviation Plc as the consolidated financial statements of BBA Aviation Plc, in which the Company is included, are publicly available.

25. 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, its registered address. This is both the largest group and the smallest group that the Company is a member of, for which group accounts are drawn up for. The immediate parent company is also BBA Aviation Plc, its registered address being 3rd Floor, 105 Wigmore Street, London, W1U 1QY.

26. Financial guarantees

The Company participates in group banking arrangements with its parent Company, BBA Aviation Plc, and has access to a group cash management facility. The Company guarantees the facility to the extent of its cash deposited with its clearing bank. The Company has jointly and severally guaranteed the borrowings under these arrangements. The Company, through its parent, BBA Aviation Plc, has access to the group's syndicated banking arrangements. Details of these arrangements are included in the financial statements of BBA Aviation Plc.