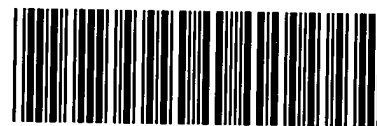


# H+S Aviation Limited

## Report and Financial Statements

31 December 2022

THURSDAY



\*AC856JY1\*

A25

20/07/2023

#168

COMPANIES HOUSE

**H+S Aviation Limited**  
**Report and Financial Statements**  
**Contents**

	<b>Page</b>
Company Information	3
Strategic Report	4
Directors' Report	6
Statement of Directors' Responsibilities	10
Independent auditor's report	11
Statement of Comprehensive Income	14
Statement of Changes in Equity	15
Statement of Financial Position	16
Notes to the financial statements	17

**Directors**

B Fawkes

D Satterfield (appointed 13 February 2023)

**Auditors**

Saffery Champness LLP

Midland House

2 Poole Road

Bournemouth

Dorset

BH2 5QY

**Bankers**

HSBC Bank PLC

14 Bradford Road

Cleckheaton

West Yorkshire

BD19 3JR

Barclays Bank PLC

City Service Centre

PO Box 544

54 Lombard Street

London

EC3V 9EX

**Registered Office**

Airport Service Road

Portsmouth

Hampshire

United Kingdom

PO3 5PJ

## Strategic Report

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

### Review of the business

The Company's principal activity is the overhaul and repair of aviation engines and associated components.

The Company's key performance indicators during the year are as follows:

	2022 U\$000's	2021 U\$000's	Change (%)
Turnover	63,892	64,967	-2%
Operating profit/(loss) excluding exceptional items	2,602	(934)	379%
Profit/(loss) after taxation	1,250	(13,357)	109%
Operating profit/(loss) as a % of sales	4.1%	-1.4%	383%

The business comprises engine and component/accessory MRO (maintenance, repair and overhaul) activity.

The primary revenue relates to engine repair and overhaul across multiple platforms including GE, Rolls-Royce, Honeywell and Pratt and Whitney.

The business reverted to a profitable position for 2022, with the effects of acquisition and re-structure confined to the prior year.

The directors consider the level of business and the period end financial position to be satisfactory.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from other aircraft maintenance businesses.

Other risks include:

- **Legislative risk:** The Company is in compliance with applicable regulations of the aviation industry. Compliance imposes costs and failure to comply with the applicable standards could affect the Company's ability to operate.
- **Revenue risk:** The majority of the revenues earned by the Company are covered by longer term support contracts. Activity levels are based on scheduled maintenance events which are dependent on customer flying hours and the passage of time. Additional revenue can be generated as a result of unexpected damage to the airframe and/or completion of upgrade and modification programmes.
- **Financial risk:** All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary. The company manages its cash and borrowing requirements in order to ensure the company has sufficient liquid resources to meet the operating needs of the business.

## Strategic Report (continued)

### Future Developments

The external commercial environment is expected to remain competitive through 2023 and beyond. However, we expect improvements to our current level of performance in the future, driven by our culture of continuous improvement, and the benefits to the business from being part of the wider StandardAero group.

### Section 172 Statement

The directors have a duty to promote the long-term sustainable success of the Company and understand that consideration must be given to wider stakeholders and other factors when making decisions. This duty is reflected in particular when:

- setting, updating and monitoring Company strategy and managing and mitigating risk;
- putting in place policies and procedures to support operational performance and achievement of goals;
- implementing engagement with customers, suppliers, employees and the wider community in which the business operates; and
- assessing the level and depth of information required for decision making and any training and development needs to carry out their duties.

The directors' behaviours are intended to reinforce this duty and help foster the Company's values and culture and align them to the Company's goals and objectives, set within the context of alignment with the interests of all stakeholders, where possible. Further details of stakeholder engagement are provided in the Directors' Report.

This report was approved by the board on 14 July 2023 and signed on its behalf.



*B Fawkes*  
Director

## Directors' Report

The directors present their Directors' Report for the year ended 31 December 2022.

### Results and dividends

The profit for the year, after taxation, amounted to \$1,250k (2021: -\$13,357k loss).

No interim dividend was paid (2021: \$56,841,369). No final dividend was paid in 2022 (2021: \$nil).

### Directors

The directors during the year and subsequently were as follows:

B Fawkes

D Satterfield (appointed 13 February 2023)

M Scott (resigned 9 February 2023)

### Directors' liabilities

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 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.

### Post balance sheet events

On 11<sup>th</sup> January 2023, the business was undertaking an engine test, when, during this time, flames could be seen emanating from the exhaust tail pipe of the engine unit in question, causing damage to critical parts and components. Subsequent investigations have resulted in an insurance claim being made by H+S Aviation Limited, requiring the business to recognise an insurance excess cost of \$500,000 during Q1 of 2023.

### Going concern

The directors have carried out an assessment of the going concern position of the Company.

The cashflow forecasts prepared for the going concern assessment period, indicate that the Company will maintain appropriate cash and short-term funding balances in place throughout the period through to December 2024. The Company has carried out scenario analysis on the forecasts which have raised no concerns. In addition to the Company's own cash funds held and generated, the directors have sought and obtained a confirmation of continued financial support from our ultimate parent Company StandardAero Aviation Holdings, Inc.

On the basis of the above assessment, the Company is considered to have appropriate financial resources to manage its business risks successfully. After reviewing the above, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern through to the period ending 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing the Report and Financial Statements.

## Directors' Report (continued)

### Stakeholder engagement statement

Engagement with our stakeholders plays a vital role in the success of the Company. The principal stakeholders impacting the Company are considered to include the following:

- Suppliers, customers and others – the Company maintains strong working relationships with both suppliers and customers, through regular review and evaluation of performance. Reviews are undertaken both internally amongst management, and also via meeting with the customers and suppliers. Supplier payment practices are reviewed monthly to ensure that the business is meeting its obligations, along with monitoring customer experience to ensure that the needs of the customer are being met. This allows the business to assess any potential issues, and to ensure that necessary adjustments can be made in a timely manner in order to improve the customer or supplier experience with H+S Aviation Limited.
- Employees – the Company is committed to employee participation and encourages the development of co-operation with employees. Employee-related issues and concerns are elevated to the board via Senior Management member representation on and consultation with the Company's Employee Council.

In addition to the above, the local Senior Leadership Team at H+S Aviation Limited, maintain visibility throughout the business via both formal and informal department visits to engage with the wider team.

Bi-annual employee engagement surveys are also undertaken. The results are reviewed by the Board and drive targeted actions for Senior Leaders and Managers to undertake within the business. Regular communications are delivered to employees via Town Hall style meetings and also via email and video messaging.

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 H+S Aviation Limited that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

- Shareholders – The Company undertakes regular sharing of strategy and performance with its parent Company, StandardAero Aviation Holdings, Inc. The Company reports results on a regular monthly basis with a particular focus on customer relationships, supplier performance, profit and loss and cash performance.
- Society, Communities and Environment – our culture is supportive of ongoing engagement by our employees with the communities in which they live and engage. The Company is key part of the local community in Portsmouth (Hampshire) as a large local employer. Environmental issues and challenges remain a key focus for the Company.

## Directors' Report (continued)

### Energy and Carbon Reporting

The Company is committed to addressing concerns about climate change and the environment. Reducing emissions creates efficiencies, drives innovation, helps manage long-term risk and improves our competitive advantage.

The company's carbon footprint is presented as follows:

For Financial Year ending 31 December	2022	2021 (Restated)
Indicator		
Energy Consumption (absolute) (kWh)	6,398,026	6,707,702
Energy Intensity Ratio (kWh per \$m revenue)	100,138	103,248
Energy Intensity Ratio (kWh per UK employee)	30,322	24,303
Greenhouse Gas Emissions (Tonnes CO <sub>2</sub> e)	1,480	1,516
Greenhouse Gas Intensity Ratio (Tonnes CO <sub>2</sub> e per \$m revenue)	23.2	23.3
Greenhouse Gas Emissions (Tonnes CO <sub>2</sub> e per UK employee)	7.0	5.5
Energy Consumption	kWh	kWh
Electricity	2,635,972	2,947,628
Gas	1,694,201	2,121,661
Fuel Oil	2,067,853	1,638,413
<b>Total</b>	<b>6,398,026 kWh</b>	<b>6,707,702 kWh</b>
Greenhouse Gas Emissions	Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e
Scope 1 (Emissions from gas and fuel for fleet vehicles)  Includes emissions from activities owned or controlled by the company that release emissions into the atmosphere. Examples include emissions from combustion in owned or controlled boilers, vehicles.	865	829
Scope 2 (Emissions from electricity (location based))  Includes emissions from own consumption of purchased electricity, heat, steam and cooling. These are a consequence of the company's activities but are from sources not owned/controlled.	615	687
Scope 3 (Emissions from other indirect consequences of the company's operation)  Includes sources not owned or controlled by the company, and which are not classed as scope 2 emissions.	N/A	N/A
<b>Total</b>	<b>1,480 t CO<sub>2</sub>e</b>	<b>1,516 t CO<sub>2</sub>e</b>



## **Directors' Report (continued)**

### **Energy and Carbon Reporting (continued)**

#### **Methodology**

We have applied the UK Government's Conversion Factors for Company Reporting and GHG standards and the Streamlined Energy and Carbon Reporting guidance to quantify and report our greenhouse gas emissions. An operational control approach has been used to define the reporting process. Emissions for all our significant sites have been disclosed.

Scope 1 comprises direct emissions from the Company's owned and controlled plant and equipment released straight into the atmosphere.

Scope 2 comprises indirect emissions from purchased electricity using a location-based calculation method. These are indirect emissions that are a consequence of the Company's activities but which occur at sources we do not own or control.

#### **Energy efficiency measures implemented**

The Company completed its de-stratification fan installations in all industrial buildings in early 2022.

In addition to this, energy efficient LED lighting was installed within all communal areas of the business.

The Company is ISO50001 compliant, which includes a commitment to reduce energy usage by 5% each year.

#### **Auditor appointment and reappointment**

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put at a General Meeting.

#### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



*B Fawkes*  
Director

14 July 2023

## 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

# **Independent auditor's report**

## **to the members of H+S Aviation Limited**

### **Opinion**

We have audited the financial statements of H+S Aviation Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

# **Independent auditor's report (continued)**

## **to the members of H+S Aviation Limited**

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

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

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

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

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 material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

## Independent auditor's report (continued)

### to the members of H+S Aviation Limited

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, Export Laws, MOD regulations and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



*Jamie Lane (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP*

*Chartered Accountants  
Statutory Auditors*

*Midland House  
2 Poole Road  
Bournemouth  
Dorset  
BH2 5QY*

*Date*      14 July 2023

## Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 U\$000's	2021 U\$000's
Turnover	2	63,892	64,967
Cost of sales		<u>(47,402)</u>	<u>(44,949)</u>
Gross profit		<u>16,490</u>	<u>20,018</u>
Distribution costs		(386)	(367)
Administrative expenses:			
Before exceptional items		(13,502)	(21,345)
Impairment of intangible asset	6	-	(10,134)
Costs of restructuring	6	<u>(566)</u>	<u>(6,051)</u>
Total administrative expenses		<u>(14,068)</u>	<u>(37,530)</u>
Other operating income		-	-
Coronavirus Job Retention Scheme grant		<u>-</u>	<u>760</u>
Operating profit/(loss)	3	2,036	(17,119)
Interest (payable) and similar charges	7	<u>(58)</u>	<u>(3)</u>
Profit/(loss) on ordinary activities before taxation		1,978	(17,122)
Taxation	8	<u>(728)</u>	<u>3,765</u>
Profit/(loss) for the financial year		<u>1,250</u>	<u>(13,357)</u>
Other comprehensive income:			
Fair value movements in foreign exchange cash flow hedges		-	(437)
Revaluation gain		-	9,289
Tax on items of other comprehensive income		<u>-</u>	<u>(2,196)</u>
Total comprehensive income/(loss) for the year		<u>1,250</u>	<u>(6,701)</u>

All amounts relate to continuing operations.

## Statement of Changes in Equity

for the year ended 31 December 2022

	<i>Called up share capital U\$000's</i>	<i>Revaluation reserve U\$000's</i>	<i>Foreign exchange reserve U\$000's</i>	<i>Retained earnings U\$000's</i>	<i>Total equity U\$000's</i>
At 1 January 2021	9,855	1,515	306	87,531	99,207
Loss for the year	-	-	-	(13,357)	(13,357)
Fair value movements in foreign exchange cash flow hedges	-	-	(437)	-	(437)
Land and building revaluation	-	9,289	-	-	9,289
Tax relating to items of other comprehensive income	-	(2,322)	126	-	(2,196)
Total comprehensive (loss)/income for the year	-	6,967	(311)	(13,357)	(6,701)
Dividends	-	-	-	(56,841)	(56,841)
Reserve transfer	-	(70)	-	70	-
Foreign exchange adjustment	-	22	5	2,211	2,238
At 31 December 2021	9,855	8,434	-	19,614	37,903
Profit for the year	-	-	-	1,250	1,250
Reserve transfer	-	(464)	-	464	-
At 31 December 2022	9,855	7,970	-	21,328	39,153

## Statement of Financial Position

as at 31 December 2022

	<i>Note</i>	<i>2022 U\$000's</i>	<i>2021 U\$000's (Restated)</i>
<b>Non-current assets</b>			
Intangible fixed assets	10	-	-
Tangible assets	11	14,932	16,623
		<u>14,932</u>	<u>16,623</u>
<b>Current assets</b>			
Stocks	12	23,442	22,884
Receivables:	13		
amounts falling due within one year		26,243	28,421
amounts falling due after one year		3,617	4,297
		<u>53,302</u>	<u>55,602</u>
Cash at bank and in hand	14	7,470	3,134
		<u>60,772</u>	<u>58,736</u>
Payables: amounts falling due within one year	15	(33,451)	(34,279)
		<u>27,321</u>	<u>24,457</u>
<b>Net current assets</b>			
Total assets less current liabilities		42,253	41,080
Provisions for liabilities	16	(3,100)	(3,177)
<b>Net assets</b>		<u>39,153</u>	<u>37,903</u>
<b>Capital and reserves</b>			
Called up share capital	17	9,855	9,855
Revaluation reserve		7,970	8,434
Retained earnings		21,328	19,614
<b>Total equity</b>		<u>39,153</u>	<u>37,903</u>

These financial statements were approved by the Board of Directors on 14 July 2023 and were signed on its behalf by:



B Fawkes (Director)



# Notes to the financial statements

at 31 December 2022

## 1. General information

The Company is a private company limited by shares, is registered in England and Wales and it is incorporated in the United Kingdom under Companies Act 2006. The address of the Company's registered office is shown on page 3.

All values are rounded to the nearest thousand except where otherwise indicated.

### Foreign currency – functional and presentational currencies

The financial statements have been presented in US dollars, including the prior period amounts as the functional currency of the Company is considered to be US dollars.

### Basis of preparation

The financial statements were prepared under the historical cost convention and in accordance with FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) modified to include freehold property at valuation.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The Company is exempt from the obligation to prepare and deliver group financial statements by virtue of section 400 of the Companies Act 2006, as the Company's parent Company publishes group financial statements in which this Company is included. Accordingly, the financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following reduced disclosure exemptions under FRS102:

- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation' paragraph 3.17(d);
- the requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29 relating to 'Financial Instruments' disclosures; and
- the requirement of Section 33 paragraph 33.7 relating to 'Related Party Transactions' and compensation payments to key management personnel.

The financial statements of the company are consolidated in the financial statements of StandardAero (UK) Holdings Limited. These consolidated financial statements are available from its registered office.

### Going concern

The directors have carried out an assessment of the going concern position of the Company.

The cashflow forecasts prepared for the going concern assessment period, indicate that the Company will maintain appropriate cash and short-term funding balances in place throughout the period through to December 2024. The Company has carried out scenario analysis on the forecasts which have raised no concerns. In addition to the Company's own cash funds held and generated, the directors have sought and obtained a confirmation of continued financial support from our ultimate parent Company StandardAero Aviation Holdings, Inc.

On the basis of the above assessment, the Company is considered to have appropriate financial resources to manage its business risks successfully. After reviewing the above, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern through to the period ending 31 December 2024. Accordingly, they continue to adopt the going concern basis in preparing the Report and Financial Statements.

### Prior year adjustment

During the preparation of the financial statements the directors have identified a material error in the prior period's WIP and accruals balances. In the prior period WIP was understated as undelivered material, accrued to reflect the correct margin on contracts, was deducted from WIP rather than recognised in accruals. The prior period adjustment grosses up WIP by including the value of the delivered material under accruals. See note 23.

## Notes to the financial statements

at 31 December 2022

### 1.1 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1.2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Management judgment 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 stock provisioning against surplus and obsolete items. The judgment 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 judgment 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.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

### 1.2 Accounting policies

#### *Revenue recognition*

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. Loss making contracts are provided for when identified.

#### *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 provided on all intangible assets on a straight-line bases over the expected useful life as follows:

- Software: 3 years
- Licences: 7 to 17 years

#### *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.

## Notes to the financial statements

at 31 December 2022

### 1.2 Accounting policies (continued)

#### *Tangible fixed assets (continued)*

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

Buildings	- over 5 to 40 years
Plant, machinery and tools	- over 7 to 15 years
Motor vehicles	- over 4 years
Fixtures, fittings and equipment	- over 3 to 10 years

Motor vehicles, fixtures, fittings and equipment have immaterial book value and are therefore presented within Plant and Machinery in Note 11.

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.

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 asset is in service. The assets are then transferred to the appropriate category and depreciated as indicated above.

#### *Revaluation of tangible fixed assets*

Individual freehold properties are carried 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 recognized in other comprehensive income unless losses exceed the previously recognized gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognized in profit and loss.

#### *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.

#### *Provision 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 profit or loss 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.

## Notes to the financial statements

at 31 December 2022

### 1.2 Accounting policies (continued)

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **Foreign currency**

The Company financial statements are presented in US dollars, which is also the Company's functional currency.

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.

#### **Operating leases**

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

#### **Finance costs**

Finance costs are charged to profit or loss 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.

#### **Borrowing costs**

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

#### **Exceptional items**

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

#### **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.

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.

## Notes to the financial statements

at 31 December 2022

### 1.2 Accounting policies (continued)

#### *Current and deferred taxation (continued)*

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.

Deferred tax on the land and buildings revaluation has been calculated based on the estimated gross unrealised gain were the land and buildings sold on the balance sheet date. The estimated gross unrealised gain is recalculated in line with the timing of the periodic revaluations (which is usually undertaken every 3 years), as the revaluation provides the best estimate of the proceeds of sale.

Where significant events aside from the revaluation occur that impact the carrying value of the land and buildings, these are assessed to determine if there will be a significant effect on the estimated gross unrealised gain, and deferred tax is recalculated accordingly.

#### *Trade and other debtors*

Short term debtors are measured at transaction price, less any impairment. Loan's 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.

#### *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.

#### *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.

#### *Pensions*

##### *Defined contribution pension plan*

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

The contributions are recognised as an expense in the profit and loss account when they fall due, and the cost is shown in Note 3. 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.

## Notes to the financial statements

at 31 December 2022

### 2. Turnover

An analysis of turnover by geographical market is given below:

	2022 U\$000's	2021 U\$000's
United Kingdom	6,429	5,852
Europe	22,103	23,298
Rest of the World	35,360	35,817
	<u>63,892</u>	<u>64,967</u>

### 3. Operating profit

This is stated after charging / (crediting):

	2022 U\$000's	2021 U\$000's
Auditors' remuneration – audit services	46	90
Operating lease rentals – land and buildings	167	185
– other	6	10
Depreciation of tangible fixed assets	1,877	1,432
Amortisation of intangible assets	-	537
Foreign exchange gains/losses	(111)	1,402
Defined contribution pension cost	562	762
Coronavirus Job Retention Scheme grant	-	(760)

## Notes to the financial statements

at 31 December 2022

### 4. Directors' remuneration

	2022 U\$000's	2021 U\$000's
Aggregate remuneration in respect of qualifying services	-	122
Aggregate amounts payable in respect of defined contributions pension scheme	-	6
Highest paid director:		
Aggregate remuneration in respect of qualifying services	-	64
Aggregate amounts payable in respect of defined contributions pension scheme	-	3
	2022 No.	2021 No.
Number of directors accruing benefits under defined contribution schemes	-	2

Directors residing in the UK are remunerated through the Company and provide all their services to the Company. Other overseas based directors, who do not provide qualifying services to the Company, are remunerated by other companies within the wider group.

### 5. Staff costs

	2022 U\$000's	2021 U\$000's
Wages and salaries	12,743	17,035
Social security costs	1,116	1,709
Defined contribution pension costs	562	762
	14,421	19,506

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

	2022 No.	2021 No.
Administration	98	129
Production	113	147
	211	276

## Notes to the financial statements

at 31 December 2022

### 6. Exceptional items

	<i>2022</i> <i>US\$000's</i>	<i>2021</i> <i>US\$000's</i>
Licence impairment	-	10,134
Additional inventory provisioning	-	4,442
Middle East engine write-down	-	406
Restructuring costs	566	1,203
Total exceptional expense	<u>566</u>	<u>16,185</u>

### 7. Interest payable and similar charges

	<i>2022</i> <i>US\$000's</i>	<i>2021</i> <i>US\$000's</i>
Group interest payable	58	3
Interest payable	<u>58</u>	<u>3</u>



## Notes to the financial statements

at 31 December 2022

### 8. Taxation

(a) Tax on profit on ordinary activities

	2022 U\$000's	2021 U\$000's
Current tax:		
UK corporation tax at 19.00% (2021 – 19.00%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	710	(3,768)
Adjustment to tax in respect of previous periods	18	(121)
Adjustment for rate change to 25%	-	124
Taxation on profit/(loss) on ordinary activities	728	(3,765)

(b) Factors affecting total tax charge

	2022 U\$000's	2021 U\$000's
The tax assessed on the profit on ordinary activities differs from the standard rate of corporation tax in the UK as follows:		
Profit/(loss) on ordinary activities before tax	1,978	(17,122)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	376	(3,253)
Net expenses not deductible/(income not taxable) for tax purposes	10	149
Fixed asset differences	154	44
Chargeable gains	-	1,765
Group tax relief	-	162
Adjustment to tax in respect of previous periods	18	(121)
Deferred tax charged to other comprehensive income	-	(2,196)
Remeasurement of deferred tax for tax rate changes	170	(253)
Other differences	-	(62)
Total tax charge/(credit) for the year (note 8(a))	728	(3,765)

## Notes to the financial statements

at 31 December 2022

### 8. Taxation (continued)

(c) Deferred tax recognised at year end:

	2022 U\$000's	2021 U\$000's
Deferred tax assets in respect of:		
Short term timing differences (including tax losses)	3,381	4,165
Deferred tax asset recognised (note 13)	3,381	4,165
Deferred tax liabilities in respect of:		
Land and building revaluation	(2,322)	(2,322)
Accelerated capital allowances and other timing differences	(732)	(787)
Deferred tax liability recognised (note 16)	(3,054)	(3,109)

On 24 May 2021 the Finance Bill 2021 was substantively enacted confirming the corporation tax rate will increase to 25% from 1 April 2023. For the purposes of deferred tax in these financial statements, the substantively enacted rate as at the balance sheet date of 25% has been used.

Deferred tax on the land and buildings revaluation has been calculated based on the estimated gross unrealised gain were the land and buildings sold on the balance sheet date. The estimated gross unrealised gain is recalculated in line with the timing of the periodic revaluations (which is undertaken every 3 years), as the revaluation provides the best estimate of the proceeds of sale.

Where significant events aside from the revaluation occur that impact the carrying value of the land and buildings, these are assessed to determine if there will be a significant effect on the estimated gross unrealised gain, and deferred tax is recalculated accordingly.

### 9. Dividends and other appropriation

An interim dividend of \$nil was paid (2021: \$56,841,369). No final dividend was paid in 2022 (2021: \$nil).

## Notes to the financial statements

at 31 December 2022

### 10. Intangible fixed assets

	<i>Licence fees and software US\$000's</i>
Cost:	
At 1 January 2022	19,160
At 31 December 2022	19,160
Amortisation:	
At 1 January 2022	19,160
At 31 December 2022	19,160
Net book value:	
At 31 December 2022	-
At 1 January 2022	-

The licences relate to payments to aircraft engine manufacturers to become authorised maintenance facilities. The amounts are amortised on a straight line basis over the remaining life of the licence.

In 2021 an impairment review of licences was carried out in the year following the acquisition of the company by StandardAero Aviation Holdings, Inc., and the uncertainty over the levels of future revenues and related margins that would arise from the products on which the licences related. The impairment review resulted in the \$10,134,000 net book value of the licences being fully impaired.

## Notes to the financial statements

at 31 December 2022

### 11. Tangible fixed assets

	<i>Buildings</i> <i>U\$000's</i>	<i>Plant and machinery</i> <i>U\$000's</i>	<i>Total</i> <i>U\$000's</i>
Cost:			
At 1 January 2022	12,397	31,763	44,160
Additions	-	186	186
Disposals	-	-	-
At 31 December 2022	12,397	31,949	44,346
Depreciation:			
At 1 January 2022	-	27,537	27,537
Provided during the year	788	1,089	1,877
Disposals	-	-	-
At 31 December 2022	788	28,626	29,414
Net book value:			
At 31 December 2022	11,609	3,323	14,932
At 1 January 2022	12,397	4,226	16,623

The buildings were last fully valued on the basis of open market value by an independent valuer (Gesvalt S.A.) with a recognised and relevant professional qualification, as at 31 December 2021, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. A revaluation gain of U\$9,289,000 was recorded in 2021.

The directors have reconsidered the main factors of the valuation and consider there to be no material difference as at 31 December 2022 to Gesvalt S.A.'s latest valuation.

The comparable amounts for buildings determined according to the historical cost accounting rules are as follows:

	<i>U\$000's</i>
At 31 December 2022	2,784
At 1 January 2022	3,107

## Notes to the financial statements

at 31 December 2022

### 12. Stocks

	2022 U\$000's	2021 U\$000's (Restated)
Raw materials and consumables	16,414	14,532
Work in progress	7,028	8,352
	<u>23,442</u>	<u>22,884</u>

### 13. Receivables

#### Amounts falling due within one year:

	2022 U\$000's	2021 U\$000's (Restated)
Trade receivables	8,455	3,880
Amounts recoverable on contracts	14,979	20,090
Amounts owed by group undertakings	-	1,222
Other receivables	1,152	1,496
Prepayments and accrued income	1,657	1,733
	<u>26,243</u>	<u>28,421</u>

#### Amounts falling due after more than one year:

	2022 U\$000's	2021 U\$000's
Deferred tax asset (see Note 8c)	3,381	4,165
Other receivables	236	132
	<u>3,617</u>	<u>4,297</u>

### 14. Cash at bank and in hand

	2022 U\$000's	2021 U\$000's
Cash at bank and in hand	7,470	3,134
	<u>7,470</u>	<u>3,134</u>

## Notes to the financial statements

at 31 December 2022

### 15. Payables: amounts falling due within one year

	2022 US\$000's	2021 US\$000's (Restated)
Trade payables	6,637	6,288
Amounts owed to group undertakings	10,950	13,949
Other taxes and social security costs	234	371
Other payables	80	157
Accruals and deferred income	15,550	13,514
	<u>33,451</u>	<u>34,279</u>

The rate of interest payable on the amounts owed to group undertakings shall be equal to the three month average of the monthly long term Applicable Federal Rate as published by United States Internal Revenue Service.

### 16. Provisions for liabilities

	Deferred tax US\$000's	Warranties US\$000's	Total US\$000's
At 1 January 2022	3,109	68	3,177
Net charge in the year	(55)	(22)	(77)
At 31 December 2022	<u>3,054</u>	<u>46</u>	<u>3,100</u>

Deferred tax: see note 8 for analysis of net deferred tax liability.

Warranties: A provision is recognised for potential warranty claims. It is expected that these costs will normally be incurred within two years of the balance sheet date.

### 17. Called-up share capital

	Allotted, called up and fully paid	
	2022 US\$000's	2021 US\$000's
7,500,000 ordinary shares of £1 each (2021: 7,500,000 shares)	9,855	9,855
	<u>9,855</u>	<u>9,855</u>

## Notes to the financial statements

at 31 December 2022

### 18. Obligations under leases and hire purchase contracts

#### *Operating lease agreements:*

The Company has entered into commercial leases on certain property, motor vehicle and equipment. These average lease term remaining was 75 financial years for property, less than one financial year for motor vehicles and one financial year for equipment.

There are no restrictions placed upon the lessee be entering into these leases.

Future minimum lease payments under operating leases are as follows:

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2022</i>	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>US\$000's</i>	<i>US\$000's</i>	<i>US\$000's</i>	<i>US\$000's</i>
Operating leases future minimum lease payments due:				
Within one year	168	5	184	11
Within two to five years	673	-	705	-
Over five years	10,053	-	11,127	-
	<u>10,894</u>	<u>5</u>	<u>12,016</u>	<u>11</u>

### 19. Contingent liabilities

At 31st December 2022 the company had contingent liabilities, in the form of bank guarantees, arising in the ordinary course of business of \$1,123k (2021: \$717k)

### 20. Related Party Transactions

The Company has taken advantage of the FRS102 exemption not to disclose transactions between wholly owned subsidiaries and other group companies within the same group.

### 21. Financial guarantees

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

### 22. Controlling party

The directors consider the ultimate parent undertaking and controlling party to be The Carlyle Group, a private equity firm incorporated in the USA.

StandardAero (UK) Holdings Limited is the immediate holding Company. Copies of the financial statements of this Company, which is the smallest group of undertakings for which the company is included in the consolidated financial statements, may be obtained from its registered office, Fleetlands, Fareham Road, Gosport, Hampshire, PO13 0AA.

Dynasty Acquisition Co., Inc. is the largest group of undertakings for which group accounts are drawn up but they are not available to the public.

## Notes to the financial statements

at 31 December 2022

### 23. Prior year adjustment

The accounts have been restated for the grossing up of the WIP relating to the material undelivered included in Cost of Sales as part of the revenue recognition calculation. As a consequence the 2021 results have been adjusted and the impact of the prior year adjustment on the comparative figures is detailed below:

#### Changes to Balance Sheet:

	As previously reported	Adjustment	As restated at 31 Dec 2021
	US\$000's	US\$000's	US\$000's
<b>Stocks</b>			
Raw materials and consumables	16,327	(1,795)	14,532
Work in progress	-	8,352	8,352
	<u>16,327</u>	<u>6,557</u>	<u>22,884</u>
<b>Payables: amounts falling due within one year</b>			
Accruals and deferred income	<u>6,957</u>	<u>6,557</u>	<u>13,514</u>

### 24. Post balance sheet events

On 11<sup>th</sup> January 2023, the business was undertaking an engine test, when, during this time, flames could be seen emanating from the exhaust tail pipe of the engine unit in question, causing damage to critical parts and components. Subsequent investigations have resulted in an insurance claim being made by H+S Aviation Limited, requiring the business to recognise an insurance excess cost of \$500,000 during Q1 of 2023.