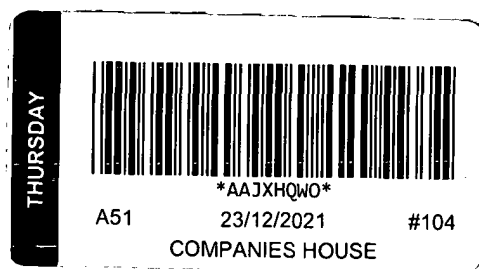

H+S AVIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



H+S AVIATION LIMITED

COMPANY INFORMATION

Directors M Stubbs (resigned 1 July 2021)
H McElroy (resigned 1 July 2021)
W J Bonder (resigned 1 July 2021)
M R Jeram (resigned 1 July 2021)
P A Jupp (resigned 1 July 2021)
B Fawkes (appointed 1 July 2021)
M Scott (appointed 1 July 2021)

Registered number 00422128

Registered office Airport Service Road
Portsmouth
Hampshire
United Kingdom
PO3 5PJ

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

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

Solicitors DLA Piper UK LLP
3 Noble Street
London
EC2V 7EE

Eversheds Sutherland
Cloth Hall
Infirmary Street
Leeds
OS1 2JV

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H+S AVIATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

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

Principal activities and business review

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

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

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

The results for the years ended 2020 and 2019 are set out on page 12. Turnover for the year show a decrease of 47% in comparison to 2019. The profit for the year after taxation amounted to £1,360k (2019: £4,800k). Operating profit as a percentage of sales for the year amounted to 2.6% (2019: 7.1%) a decrease in comparison to the 2019 financial year. The downturn in sales and operating profit is a direct result of the impact to the business from the global COVID-19 pandemic.

The business still faces trading challenges linked to the effect on the global aviation markets due to COVID-19, however, the outlook looks positive in terms of a bounce back once restrictions on travel begin to be relinquished throughout the UK, Europe and the Rest Of the World.

During 2020, the business continued to work towards the liquidation of its subsidiary business, H+S Aviation Middle East LLC, and this was successfully completed on 30 June 2021.

On 1 July 2021, H+S Aviation Limited was acquired by StandardAero Inc. The business continues to trade as H+S Aviation Limited (a StandardAero Company).

Principal risks and uncertainties

One of the principal 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 times 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 2020

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 4.5% (2019: 6.7%), the ROIC (operating profit/loss as a proportion of invested capital) which was 6% (2019: 9.7%), the inventory stock turn which was 3 times during 2020 (2019: 3 times) and the days billed sales outstanding (DSO) which was 48 days at 31 December 2020 (2019: 51 days).

Reductions in both the return on sales, and the ROIC, in 2020, versus 2019 performance, have been driven by the impact of the COVID-19 pandemic across the global aviation industry.

Inventory stock turns have remained static, along with only a small change seen in customer payment profiles on DSO, which was not unexpected given the trading circumstances across 2020.

Whilst facing these challenges, the business has however been able to remain profitable, maintaining a strong customer and supplier base

Directors' statement of compliance with duty to promote the success of the Company

Under section 172(1) of the Companies Act 2006 (section 172), the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the Company. This success must be for the benefit of the Company's shareholder but also for all other stakeholders.

This has been highlighted during the current COVID-19 pandemic, where the Company continues to ensure that its employees have a safe environment in which to work, and the business remains viable.

It has been imperative for the business to ensure that customer and supplier requirements are still met, maintaining strong working relationships with both through regular communication and review, to ensure that their businesses are supported 365 days of the year.

The Directors aim to cultivate strong relationships with all key stakeholders, so that they are adequately informed to take their views in to account when making decisions in respect of the Company's strategic objectives.

The aim is to create long standing value for all stakeholders of the business, and in order to do this, we aim to understand what matters most to them.

Health, safety and environmental matters

H+S Aviation Limited holds ISO 14001:2015 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 a safety management system (SMS).

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

The company continues to target market share growth in its current product range where it has immense knowledge and experience, along with targeting product expansion in line with current strategy and its new owners, StandardAero Inc.

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 principal risk section above.

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 had a credit insurance policy to mitigate credit risk during the financial year. However, it has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The credit insurance policy expired and was not renewed in September 2021.

Liquidity risk

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

This report was approved by the board on 20 December 2021 and signed on its behalf.



B Fawkes
Director

H+S AVIATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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 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.

Business review

Under section 414C(11) of the Companies Act 2006, 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,360k (2019 - £4,800k).

No final dividend has been proposed by the directors (2019: £nil). No interim dividend was paid in 2020 (2019: £nil).

H+S AVIATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

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

M Stubbs (resigned 1 July 2021)
H McElroy (resigned 1 July 2021)
W J Bonder (resigned 1 July 2021)
M R Jeram (resigned 1 July 2021)
P A Jupp (resigned 1 July 2021)
B Fawkes (appointed 1 July 2021)
M Scott (appointed 1 July 2021)

Going Concern

The Company has sufficient financial resources in the form of backing from its parent company, StandardAero Inc., 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.

Financial risk management

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

Business Partner Assessment

As part of StandardAero Inc., 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, and are aligned with that of the new owners, StandardAero Inc.

Future developments

Under section 414C(11) of the Companies Act 2006, 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 2020 were equivalent to 41 (2019: 32) day's purchases.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with 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 board member representation on and consultation with the Company's Employee Council.

In addition to the above, the 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.

Engagement with 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.

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 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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions for the year were 2,009 tonnes CO₂e. Energy consumption for the year was Gas 2,121,721 kWh = 588.35 tonnes CO₂e, Electricity 3,040,746 kWh = 843.2 tonnes CO₂e. Energy consumption from transport for the year was 30,436 kWh = 8.44 tonnes CO₂e.

The methodology followed to produce the CO₂e is the 2019 GHG Conversion Factors as the rate of 0.2773 kg of CO₂e per kWh is used for gas and electric.

H+S Aviation Limited's Ratios:

Tonnes of CO₂e per £m sales revenue = 2009 tonnes / £57.561m = 34.9 tonnes CO₂e per £1m

Tonnes of CO₂e per £m EBITDA = 2009 / £2.928m = 686.1 tonnes CO₂e per £1m EBITDA

Tonnes of CO₂e per FTE = 2009 tonnes / 287.7296 FTE = 6.9822 tonnes per FTE

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.

H+S AVIATION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post balance sheet events

On 13 June 2021 the company liquidated its subsidiary undertaking H+S Middle East LLC

On 1 July 2021, H+S Aviation Limited was acquired by StandardAero Inc. The business continues to trade as H+S Aviation Limited (a StandardAero Company).

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 20 December 2021 and signed on its behalf.



B Fawkes
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 of H+S Aviation Limited (the 'company'):

- ◆ give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- ◆ the profit and loss account;
- ◆ the statement of comprehensive income;
- ◆ the balance sheet;
- ◆ the statement of changes in equity; and
- ◆ the related notes 1 to 25.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

H+S AVIATION LIMITED

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

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- ◆ had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- ◆ do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

H+S AVIATION LIMITED

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- ◆ Revenue recognition - percentage of completion accounting:
 - We obtained an understanding of the relevant controls over the percentage of completion calculation;
 - We agreed a sample of the inputs into the percentage of completion calculation to supporting documentation;
 - We tested the completeness of the calculation by sampling projects started in early 2021 and determining if these should have been included in the 2020 calculation;
 - We performed a retrospective review of the 2020 calculation to assess the accuracy of management estimates; and
 - We tested the mechanical accuracy of the underlying calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- ◆ reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- ◆ performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- ◆ enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- ◆ reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

H+S AVIATION LIMITED

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

Use of our report

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



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

Date: 20 December 2021

H+S AVIATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	57,561	71,498
Cost of sales		(40,812)	(50,306)
Gross profit		16,749	21,192
Distribution costs		(296)	(382)
Administrative expenses		(14,968)	(15,736)
Other operating income	4	18	1
Operating profit	5	1,503	5,075
Interest payable and similar expenses		(126)	(126)
Profit before tax		1,377	4,949
Tax on profit	8	(17)	(149)
Profit for the financial year		1,360	4,800

The notes on pages 16 to 37 form part of these financial statements.

All activities arise from continuing operations.

H+S AVIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Profit for the financial year		1,360	4,800
Other comprehensive income			
Fair value movements in foreign exchange cash flow hedges		168	402
Tax relating to components of other comprehensive income which will be reclassified subsequently to the profit and loss account		(74)	(72)
Transfer from revaluation reserve to the profit and loss account		51	51
Other comprehensive income for the year		145	381
Total comprehensive income for the year		1,505	5,181

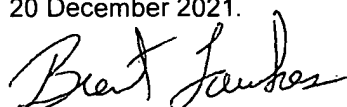
The notes on pages 16 to 37 form part of these financial statements.

H+S AVIATION LIMITED
REGISTERED NUMBER: 00422128

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible Assets	10	106	469
Tangible fixed assets	11	7,858	7,366
		<u>7,964</u>	<u>7,835</u>
Current assets			
Stocks	12	16,153	20,250
Debtors Within One Year	13	60,571	66,300
Cash at bank and in hand	14	169	514
		<u>76,893</u>	<u>87,064</u>
Creditors: amounts falling due within one year	15	(9,697)	(21,210)
Net current assets		<u>67,196</u>	<u>65,854</u>
Total assets less current liabilities		<u>75,160</u>	<u>73,689</u>
Creditors: amounts falling due after more than one year	16	(2,111)	(2,111)
Provisions for liabilities			
Deferred tax	19	(282)	(265)
		<u>(282)</u>	<u>(265)</u>
Net assets		<u><u>72,767</u></u>	<u><u>71,313</u></u>
Capital and reserves			
Called up share capital	20	7,500	7,500
Revaluation reserve		1,114	1,165
Foreign exchange reserve		225	131
Profit and loss account		63,928	62,517
		<u>72,767</u>	<u>71,313</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2021.



B Fawkes
Director

H+S AVIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Revaluation reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	7,500	1,216	(199)	57,666	66,183
Comprehensive income for the year					
Profit for the year	-	-	-	4,800	4,800
Fair value movements in foreign exchange cash flow hedges	-	-	402	-	402
Deferred tax	-	-	(72)	-	(72)
Transfer from revaluation reserve to the profit and loss account	-	-	-	51	51
	-	-	330	51	381
Items which may be reclassified to the profit and loss account	-	(51)	-	-	(51)
At 1 January 2020	7,500	1,165	131	62,517	71,313
Comprehensive income for the year					
Profit for the year	-	-	-	1,360	1,360
Fair value movements in foreign exchange cash flow hedges	-	-	168	-	168
Deferred tax	-	-	(74)	-	(74)
Transfer from revaluation reserve to the profit and loss account	-	-	-	51	51
Other comprehensive income for the year	-	-	94	51	145
Items which may be reclassified to the profit and loss account	-	(51)	-	-	(51)
At 31 December 2020	7,500	1,114	225	63,928	72,767

The notes on pages 16 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 1.

2. Accounting policies

2.1 The principal accounting policies

The principal 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.

During the current and preceding year, the Company was a wholly owned subsidiary of Signature Aviation Plc (now Signature Aviation Limited), and is included in the consolidated financial statements of Signature Aviation Plc (now Signature Aviation Limited), 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 Signature Aviation Plc (now Signature Aviation Limited). The consolidated group accounts of Signature Aviation Plc (now Signature Aviation Limited) are available to the public and can be obtained as set out in note 24.

2.2 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 principal accounting policies have been applied:

2.3 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 IAS 7 Statement of Cash Flows
- 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

- 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.4 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.

2.5 Furlough income

During the year under review the Company took advantage of the UK government's Coronavirus Job Retention Scheme (CJRS), announced by the Government on 20 March 2020 in order to support employers who have been unable to undertake their normal activities through the COVID-19 period. Under CJRS, employers are able to claim support from the period starting 1 March 2020, where employees have already been furloughed from that date. The scheme provided employers with financial support up to 80% of salary, up to a maximum of £2,500 per month per employee.

H+S Aviation Limited received £532,913 during the year via this scheme. This has been accounted for as a reduction in cost of sales and administrative expenses for the respective employees.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.7 IFRS 16 Leases

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

The right of use assets comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement day.

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Right of use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

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

2.8 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.

2.9 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.

2.10 Borrowing costs

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

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 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.

The estimated useful lives range as follows:

License Fees	-	7 to 17 years
Software	-	3 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.12 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 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.

2.13 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 other comprehensive income 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 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
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 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.

2.20 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.21 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 in the form of backing from its parent company, StandardAero Inc., together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. The parent company, StandardAero Inc. has confirmed they will provide the necessary financial support to the Company for the purposes of continuing its normal operations for a period of at least 12 months from the date of approval of this annual report and accounts. 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.

The COVID-19 pandemic has presented the business with un-precedented challenges through 2020. The effects seen on the aviation industry around the world have been devastating. However, the Company has weathered the storm well. Its diverse product portfolio has enabled it to plot a steady course, and to give stability to the business during the global COVID-19 crisis, allowing the business to trade positively throughout 2020. It is on this basis, and the basis of forecasts prepared for the following 12 months which have modelled various downside scenarios, such as reduced engine volumes, and highlighted that the business would still have sufficient headroom to function as a going concern within these various situations, after taking mitigating action around revenue and capital expenditure savings. The directors do not believe COVID-19 to have any effect on the going concern status of the Company within the next 12 months.

2.22 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.23 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 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 have not identified any key sources of estimation uncertainty.

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Turnover

	2020 £000	2019 £000
External revenue	54,239	69,271
Intergroup revenue	3,322	2,227
	<u>57,561</u>	<u>71,498</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	6,113	8,320
Rest of Europe	17,250	21,283
Rest of the world	34,198	41,895
	<u>57,561</u>	<u>71,498</u>

Timing of revenue recognition:

	2020 £000	2019 £000
Goods and services transferred at a point in time	3,377	4,866
Goods and services transferred over time	54,184	66,632
	<u>57,561</u>	<u>71,498</u>

4. Other operating income

	2020 £000	2019 £000
Sundry income	18	1
	<u>18</u>	<u>1</u>

H+S AVIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Cost of stocks recognised as an expense	35,647	44,753
Depreciation of tangible fixed assets	477	705
Amortisation of intangible assets	363	203
Exchange differences	860	(367)
Defined contribution pension cost	538	523
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	59	49
	<u>37,844</u>	<u>46,886</u>

6. Employees

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

	2020	2019
	£000	£000
Wages and salaries	12,186	14,013
Social security costs	1,109	1,039
Cost of defined contribution scheme	538	523
	<u>13,833</u>	<u>15,575</u>

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

	2020	2019
	No.	No.
Manufacturing	154	156
Administration	137	134
	<u>291</u>	<u>290</u>

H+S AVIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Directors' remuneration

	2020	<i>2019</i>
	£000	<i>£000</i>
Directors' emoluments	229	<i>218</i>
Company contributions to defined contribution pension schemes	5	<i>5</i>
	234	<i>223</i>

During the year retirement benefits were accruing to no directors (*2019 - NIL*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £127 thousand (*2019 - £121 thousand*).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4 thousand (*2019 - £4 thousand*).

8. Tax on profit

	2020	<i>2019</i>
	£000	<i>£000</i>
Total current tax	-	<i>-</i>
Deferred tax		
Origination and reversal of timing differences	17	<i>138</i>
Changes to tax rates	-	<i>10</i>
Prior year adjustment	-	<i>1</i>
Total deferred tax	17	<i>149</i>
Taxation on profit on ordinary activities	17	<i>149</i>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	1,377	4,949
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	262	940
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(174)	10
Prior year adjustment	-	1
Group tax relief	(71)	(812)
Tax rate changes	-	10
Total tax charge for the year	17	149

Factors that may affect future tax charges

Subsequent to the balance sheet date, an increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was published in the 2021 Finance Bill on 11 March 2021. As this change will be substantively enacted after the balance sheet date the increased rate has not been reflected in the period end position. Deferred tax balances in future periods will take into account the rate increase and the Company's future tax charge will increase accordingly.

9. Dividends

No final dividend has been proposed for the year ended 2020 (2019: £nil).

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Intangible assets

	License Fees and Software £000
Cost	
At 1 January 2020	6,290
At 31 December 2020	<u>6,290</u>
Amortisation	
At 1 January 2020	5,821
Charge for the year on owned assets	363
At 31 December 2020	<u>6,184</u>
Net book value	
At 31 December 2020	<u>106</u>
At 31 December 2019	<u>469</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. 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 2020	8,528	20,261	120	1,801	165	30,875
Additions	1	849	1	118	-	969
At 31 December 2020	8,529	21,110	121	1,919	165	31,844
Depreciation						
At 1 January 2020	3,863	18,113	92	1,357	85	23,510
Charge for the year on owned assets	263	101	11	60	-	435
Charge for the year on right-of-use assets	33	-	7	2	-	42
At 31 December 2020	4,159	18,214	110	1,419	85	23,987
Net book value						
At 31 December 2020	4,370	2,896	11	500	80	7,857
At 31 December 2019	4,665	2,148	28	445	80	7,366

H+S AVIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Tangible fixed assets (continued)

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

	2020 £000	2019 £000
Tangible fixed assets owned	5,949	5,415
Right-of-use tangible fixed assets	1,909	1,951
	<u>7,858</u>	<u>7,366</u>

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

Net book value

	2020 £000	2019 £000
Property	1,900	1,933
Motor vehicles	6	14
Other tangible fixed assets	3	4
	<u>1,909</u>	<u>1,951</u>

Depreciation charge for the year ended

	2020 £000	2019 £000
Property	33	33
Motor vehicles	7	7
Other tangible fixed assets	2	2
	<u>42</u>	<u>42</u>

12. Stocks

	2020 £000	2019 £000
Raw materials and consumables	16,153	20,250
	<u>16,153</u>	<u>20,250</u>

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Debtors: amount falling due within one year

	2020	2019
	£000	£000
Trade debtors	17,216	20,980
Amounts owed by group undertakings	40,365	43,326
Other debtors	101	494
Prepayments and accrued income	2,400	1,285
Financial instruments	489	215
	60,571	66,300

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

H+S AVIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank and in hand	169	514
Less: bank overdrafts	(9)	(1)
	160	513

15. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank overdrafts	9	1
Trade creditors	5,699	5,395
Amounts owed to group undertakings	1,639	12,805
Other taxation and social security	288	278
Lease liabilities	8	8
Other creditors	184	184
Accruals and deferred income	1,870	2,539
	9,697	21,210

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

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

	2020	2019
	£000	£000
Lease liabilities	2,111	2,111
	2,111	2,111

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Lease liabilities

The Company holds property, motor vehicle and equipment under leasing arrangement that are recognised as right of use assets and lease liabilities.

Lease liabilities are due as follows:

	2020 £000	2019 £000
Within one year	8	8
Between 1-5 years	36	36
Over 5 years	2,074	2,075
	<u>2,118</u>	<u>2,119</u>

Contractual undiscounted cash flows are due as follows:

Within one year	139	139
Between 1-5 years	524	531
Over 5 years	8,368	8,499
	<u>9,031</u>	<u>9,169</u>

The average lease term remaining was 77 financial years for property, less than one financial year for motor vehicles and one financial year for equipment. In 2019 the effective borrowing rate for the Company was 6.65% for property and 3.66% for motor vehicles and equipment. Interest rates were fixed at the contract date or varied based on prevailing interest rates.

During 2020 £126k (2019: £126k) interest expense in respect of leases has been recognised in the profit and loss account

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	658	730
Financial assets that are debt instruments measured at amortised cost	57,601	64,386
	<u>58,259</u>	<u>65,116</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(9,263)</u>	<u>(20,830)</u>

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

Financial assets that are debt instruments measured at amortised cost comprise all elements constituting the debtors balance excluding the forward rate contracts, prepayments and accrued income.

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio comprise the forward rate contracts.

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

H+S AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Deferred tax

	2020 £000	2019 £000
At beginning of year	(265)	(43)
Charged to the profit or loss	(17)	(150)
Charged to other comprehensive income	-	(72)
At end of year liability	(282)	(265)

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(399)	(251)
Cash flow hedges	93	(31)
Other	24	17
	(282)	(265)

20. Called up share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
7,500,000 (2019 - 7,500,000) Ordinary shares of £1.00 each	7,500	7,500

21. Contingent liabilities

At 31 December 2020 the Company had contingent liabilities, in the form of bank guarantees, arising in the ordinary course of business of £243k (2019: £265k).

22. Related party transactions

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. 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.

24. Controlling party

During the year the directors consider that the ultimate parent and controlling party was Signature Aviation Plc (now Signature Aviation Limited).

During the current and preceding year Signature Aviation Plc (now Signature Aviation Limited) 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 Signature Aviation Plc (now Signature Aviation Limited) 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 was a member of, for which group accounts are drawn up for.

On 1 July 2021 StandardAero Inc., a portfolio company of The Carlyle Group, completed the purchase of the Global Engine Services businesses, including the Company, from Signature Aviation Limited (previously Signature Aviation Plc).

The directors consider the ultimate parent company and controlling party to have changed from Signature Aviation Limited (previously Signature Aviation Plc) to The Carlyle Group with effect from that date.

During the year the immediate parent company was Signature Aviation Plc (now Signature Aviation Limited). With effect from 1 July 2021 the immediate parent company is now StandardAero (UK) Holdings Limited, its registered address being C/O Legalinx Limited, Tallis House, 2 Tallis Street, Temple, London, EC4Y 0AB.

25. Post balance sheet events

On 13 June 2021 the company liquidated its subsidiary undertaking H+S Middle East LLC.

On 1 July 2021, H+S Aviation Limited was acquired by StandardAero Inc. The business continues to trade as H+S Aviation Limited (a StandardAero Company).