

Samson Aviation Services Limited
Annual report and financial statements
For the year ended 31 December 2017

Registered Number: 02595980



Samson Aviation Services Limited

Annual report and financial statements

For the year ended 31 December 2017

Contents

| | |
|---|----|
| Directors and advisers | 1 |
| Strategic report for the year ended 31 December 2017 | 2 |
| Directors' report for the year ended 31 December 2017 | 4 |
| Independent auditor's report to the members of Samson Aviation Services Limited | 6 |
| Statement of comprehensive income for the year ended 31 December 2017 | 9 |
| Balance sheet as at 31 December 2017 | 10 |
| Statement of cash flows for the year ended 31 December 2017 | 11 |
| Statement of changes in equity for the year ended 31 December 2017 | 12 |
| Statement of accounting policies | 13 |
| Notes to the financial statements | 18 |

Samson Aviation Services Limited

Directors and advisers

Directors

M Hunt
N Jones
R Knight

Company secretary and registered office

Kirstin Hofbeck
General Aviation Terminal
Southside
Newcastle International Airport
Woolsington
Newcastle upon Tyne
NE13 8BT

Domicile, legal form and country of incorporation

The company is domiciled, incorporated, registered and operates in England, United Kingdom and is a private limited company limited by shares.

Bankers

Royal Bank of Scotland
2 ½ Devonshire Square
London
EC2M 4XJ

Independent auditor

Deloitte LLP
Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

Legal Advisers

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

Samson Aviation Services Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report on the company for the year ended 31 December 2017.

Principal activities

The company's principal activity during the year was that of aircraft and passenger handling, refueling, hangarage, aircraft hire and servicing for executive, military and general aviation at Newcastle International Airport.

Review of business and dividends

Samson Aviation Services Limited has had another successful year and supported the operational delivery of many high profile entertainment and sporting events in the region. The company achieved notable growth in revenues and operating profit. The increase in operating profit from £781,969 to £848,476 was driven by improvements to operating margins across the business.

No dividends were paid to the company's parent Newcastle International Airport Limited during 2017 and no dividends were proposed after year-end (2016: £500,000 representing £4.72 per share).

Future prospects

Modest continued growth is expected in 2018 as a result of a number of business development activities undertaken in 2017.

Financial result for 2017

Total revenue in the year ended 31 December 2017 was £1,890,528 compared with £1,722,423 for the year ended 31 December 2016. The profit after tax for the year ended 31 December 2017 amounted to £851,858 compared to £786,524 for the prior year.

Principal risks and uncertainties

The principal risks facing the company are those associated with the underlying aviation market as a whole and in particular general aviation for both corporate and private aviation.

Following the referendum vote for the UK to leave the EU in 2016 there has been no significant impact on trading. Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business.

Weaker demand for flying poses a risk to future growth. Weaker demand may come from a number of factors including underlying economic conditions and increased flight prices which themselves are driven from input price increases such as the cost of fuel and air passenger duty. External factors such as severe weather can also contribute to a temporary reduction in passenger numbers.

Management closely monitors developments in the economic and business environment to identify early warning indicators and trends that may impact on the company's performance.

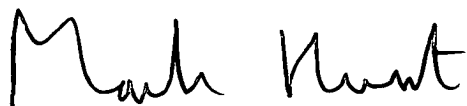
Samson Aviation Services Limited

Strategic report for the year ended 31 December 2017 (continued)

Key performance indicators

The company's principal key performance indicator is aircraft movements. For the year ended 31 December 2017 3,653 aircraft movements were recorded compared to 3,646 for the year ended 31 December 2016.

By order of the Board

A handwritten signature in black ink that reads "Mark Hunt". The signature is written in a cursive style with a large initial 'M'.

M Hunt
Director

12 April 2018

Samson Aviation Services Limited

Directors' report for the year ended 31 December 2017

The directors present their annual report and the audited financial statements of Samson Aviation Services Limited for the year ended 31 December 2017.

Future developments of the company and dividends proposed have been disclosed within the Strategic Report on pages 2-3. There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

Directors

The directors of the company during the year ended 31 December 2017, all of whom have been directors for the whole of the year ended on that date and up to the date of approval of the financial statements unless stated otherwise were as follows:

M Hunt (appointed 2 October 2017)
J Irving (resigned 28 February 2018)
N Jones
R Knight (appointed 17 May 2017)

The company maintains liability insurance for its directors and officers which is deemed to be a qualifying third party indemnity provision.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Samson Aviation Services Limited

Directors' report for the year ended 31 December 2017 (continued)

Directors' responsibilities statement (continued)

Going concern

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in the Strategic report. Based on the group's forecasts (which include the company and its fellow subsidiaries of NIAL Group Limited), cash balances and facilities available to it and, having considered the opportunities, uncertainties and risks facing it together with reasonable possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in the preparation of the financial statements.

Financial risk management

Details regarding financial risk management objectives and policies are set out on page 17.

Independent auditor and disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report, confirms that as far as they are aware there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, have indicated their willingness to continue in office.

By order of the Board



M Hunt
Director

12 April 2018

Samson Aviation Services Limited

Independent auditor's report to the members of Samson Aviation Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Samson Aviation Services Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of cash flows;
- the statement of changes in equity;
- statement of accounting policies; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

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

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Samson Aviation Services Limited

Independent auditor's report to the members of Samson Aviation Services Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Samson Aviation Services Limited

Independent auditor's report to the members of Samson Aviation Services 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.

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.

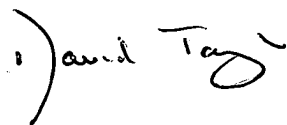
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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.



David Taylor (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne, England

12 April 2018

Samson Aviation Services Limited

Statement of comprehensive income for the year ended 31 December 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------|-----------|
| Revenue | 2 | 1,890,528 | 1,722,423 |
| Cost of sales | | (639,347) | (571,665) |
| Gross profit | | 1,251,181 | 1,150,758 |
| Administrative expenses | | (402,705) | (368,789) |
| Operating profit | 2 | 848,476 | 781,969 |
| Finance income | 1 | 97 | 2,757 |
| Profit before tax | | 848,573 | 784,726 |
| Taxation | 3 | 3,285 | 1,798 |
| Profit attributable to shareholders | | 851,858 | 786,524 |

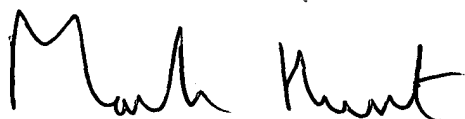
All of the above activities relate to continuing operations. There are no items of other comprehensive income.

Samson Aviation Services Limited

Balance sheet as at 31 December 2017

| | Note | 2017 £ | 2016 £ |
|-------------------------------|------|-----------|-----------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 4 | - | 1,027 |
| Property, plant and equipment | 5 | 106,087 | 138,741 |
| Deferred tax assets | 11 | 5,654 | 2,369 |
| | | 111,741 | 142,137 |
| Current assets | | | |
| Inventories | 6 | 10,607 | 18,286 |
| Trade and other receivables | 7 | 1,967,282 | 1,218,016 |
| Cash and cash equivalents | 8 | 678,911 | 537,720 |
| | | 2,656,800 | 1,774,022 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | (75,723) | (75,199) |
| | | (75,723) | (75,199) |
| Net current assets | | 2,581,077 | 1,698,823 |
| Net assets | | 2,692,818 | 1,840,960 |
| Shareholders' equity | | | |
| Called up share capital | 12 | 105,903 | 105,903 |
| Retained earnings | | 2,586,915 | 1,735,057 |
| Total equity | | 2,692,818 | 1,840,960 |

These financial statements of Samson Aviation Services Limited, registered number 02595980, on pages 9 to 28 were approved by the board of directors and authorised for issue on 12 April 2018 and were signed on its behalf by:



M Hunt
Director

Samson Aviation Services Limited

Statement of cash flows for the year ended 31 December 2017

| | Note | 2017 £ | 2016 £ |
|---|----------|----------------|------------------|
| Cash flow from operating activities | | | |
| Cash generated from operations | 13 | 145,978 | 90,413 |
| Interest received | | 97 | 2,757 |
| Net cash flow generated from operating activities | | 146,075 | 93,170 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (4,884) | (79,277) |
| Net cash used in investing activities | | (4,884) | (79,277) |
| Cash flows from financing activities | | | |
| Dividends paid to shareholders | | - | (500,000) |
| Net cash used in financing activities | | - | (500,000) |
| Net increase/(decrease) in cash and cash equivalents | | 141,191 | (486,107) |
| Cash and cash equivalents at 1 January | | 537,720 | 1,023,827 |
| Cash and cash equivalents at 31 December | 8 | 678,911 | 537,720 |

Samson Aviation Services Limited

Statement of changes in equity for the year ended 31 December 2017

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|----------------------|
| At 1 January 2016 | 105,903 | 1,448,533 | 1,554,436 |
| Profit and total comprehensive income for the year | - | 786,524 | 786,524 |
| Dividends paid | - | (500,000) | (500,000) |
| At 1 January 2017 | 105,903 | 1,735,057 | 1,840,960 |
| Profit and total comprehensive income for the year | - | 851,858 | 851,858 |
| At 31 December 2017 | 105,903 | 2,586,915 | 2,692,818 |

No Dividends were paid to the company's parent Newcastle International Airport Limited during 2017 and no dividends were proposed after year end (2016: £500,000 representing £4.72 per share).

Samson Aviation Services Limited

Statement of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The separate financial statements of Samson Aviation Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS as adopted in the EU. The financial statements have been prepared under the historical cost convention. A summary of the more important company accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

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

Going concern

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in the Directors' report. Based on the group's forecasts (which include the company and its fellow subsidiaries of NIAL Group Limited), cash balances and facilities available to it and, having considered the opportunities, uncertainties and risks facing it together with reasonable possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in the preparation of the financial statements.

Revenue recognition

Revenue comprises traffic revenue and fuel sales, net of value added tax. Traffic revenue comprises handling, hangarage, aircraft hire and service charges and is recognised when the related services are provided. Fuel sales comprise revenue from refuelling of aircraft and are recognised when the delivery takes place. All revenues arise in the UK.

Financial instruments

Financial instruments comprise borrowings, cash, money market deposits, trade receivables and trade payables. The main purpose of these financial instruments is to manage the company's operations. No trading in financial instruments is undertaken.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at

Samson Aviation Services Limited

Statement of accounting policies (continued)

Financial instruments (continued)

amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including loans such as loans from financial institutions are recognised when obtained at the proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost so that the effective interest charges are recognised in the income statement over the term of the loan.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Cost comprises the cost of the acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight line basis over the estimated useful lives of the assets and begins when the assets are brought into use. The useful economic lives and residual values are reviewed annually by management.

The estimated useful lives of the major asset categories are as follows:

| | | |
|-------------------------------|---|---------------------------|
| Leasehold buildings | - | Period of lease per annum |
| Vehicles, plant and machinery | - | 5 – 20 years |
| Fixtures and fittings | - | 5 – 10 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other expenses.

Intangible assets

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that the capital value of future earnings can cover the related costs. Intangible assets are stated at historical cost less accumulated amortisation. Cost comprises the cost of the acquisition and costs directly related to the acquisition up until the time when the asset is ready for use.

Intangible assets under construction represent projects which have not been completed at the year end.

Amortisation is charged on a straight line basis commencing upon completion of the project. The amortisation period is 3 – 5 years.

Samson Aviation Services Limited

Statement of accounting policies (continued)

Share capital

There are 105,903 ordinary shares of £1 each.

Inventories

Inventories are stated at cost. Where necessary, provision is made for obsolete stock calculated on a cost basis for specific items.

Employee benefit costs

Staff costs comprise salaries, wages and pensions of the company.

Regular pension contributions under defined contribution schemes are recognised in the income statement in the period in which they arise..

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax 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 used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting 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. Deferred tax is calculated at the tax rates 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 directly to reserves, in which case the deferred tax is also dealt within reserves.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances in accounts with no or short notice.

Samson Aviation Services Limited

Statement of accounting policies (continued)

Trade and other receivables

Receivables are recognised in the balance sheet at net realisable value being initial fair value less provision for impairment. Provisions are determined on the basis of an individual assessment of each trade receivable and the amount of the loss arising from provisions made is recognised within other expenses in the income statement together with the credit relating to the reversal of any provisions no longer required.

Trade payables and other liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Other liabilities primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable, which are measured at fair value.

Operating profit

Operating profit is stated inclusive of trading income and expenses and before finance costs and income.

Critical accounting estimates and judgements

All areas where management have made judgements in applying the policies, key assumptions and estimates have been documented in the above accounting policies. There are no individually significant judgements or estimates made by management in preparing the current and prior year financial statement.

Standards and interpretations not yet effective

The following IFRSs, IASs and IFRIC interpretations and amendments have been issued but have not been early adopted by the company:

IFRS 9 - Financial instruments (effective 1 January 2018)

IFRS 15 - Revenue from contracts with customers (effective 1 January 2018)

IFRS 16 - Leases (effective 1 January 2019)

Amendments to IFRS 1, 2, 4, 9 (effective 1 January 2018) and 28, 40 (effective 1 January 2018)

IFRS 15 requires the company to assess the terms of its contracts with customers and allocate component parts of the transactions with the customer to the performance obligations contained therein which may result in income being recognised in different years to those at present. Based on management's analysis of the company's contractual agreements with its key customers the impact of the new standard is not expected to have a material impact on the financial statements and may result in minor changes in the recognition of revenue on adoption.

The adoption of the other standards and amendments is not expected to have a material impact on the company's financial statements.

Samson Aviation Services Limited

Financial risk management

The company's activities expose it primarily to the financial risks of changes in interest rates and liquidity risk. The board reviews and agrees policies for managing each of these risks, and others and they are summarised below.

Cash flow interest risk

The company does not borrow significant amounts under its overdraft facility. Consequently it is not exposed to significant interest rate risk.

Liquidity risk

The policy of the company has throughout the year been to maintain sufficient cash reserves to support short term liquidity. Management maintains rolling weekly forecasts of the company's liquidity on the basis of expected cash flow.

Details of the company's financial liabilities are provided below, analysed into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

| At 31 December 2017 | Less than 1 year £ |
|--------------------------|-----------------------|
| Trade and other payables | 75,723 |

| At 31 December 2016 | Less than 1 year £ |
|--------------------------|-----------------------|
| Trade and other payables | 75,199 |

Credit risk

The company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only banks with a strong credit rating are accepted. The credit quality of customers is assessed for each customer taking into account its financial position, past experience and other factors.

Fair value estimation

The fair value of other receivables and payables are based on their receivable/payable amount.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

The capital structure is maintained through determining the amount of dividends paid to shareholders, repayment or drawing of debt and payment of other payables. This is managed on a group basis with fellow group companies.

Samson Aviation Services Limited

Notes to the financial statements

1 Finance income

| | 2017 | 2016 |
|-----------------------------|-----------|--------------|
| | £ | £ |
| Finance income | | |
| Bank interest receivable | 97 | 2,757 |
| Total finance income | 97 | 2,757 |

2 Revenue and operating profit

Revenue

Revenue represents revenue from servicing and is entirely derived from operations in the UK.

Operating profit

| | 2017 | 2016 |
|---|---------|---------|
| | £ | £ |
| The following charges/(credits) have been included in arriving at operating profit: | | |
| Operating lease rentals | 19,150 | 19,150 |
| Inventories recognised as an expense | 639,347 | 571,665 |
| Depreciation of property, plant and equipment | 37,413 | 39,511 |
| Amortisation of intangible assets | 1,027 | 2,468 |
| Loss on disposal of property, plant and equipment | 125 | 11,200 |
| Net trade receivables impairment | 1,768 | 7,111 |
| Employee benefit cost (note 14) | 179,390 | 161,394 |

Services provided by the company's auditor

The company's 2017 and 2016 audit fee was borne by Newcastle International Airport Limited. The amount attributable to Samson Aviation Services Limited audit of the financial statements in both years was £3,500.

Samson Aviation Services Limited

Notes to the financial statements (continued)

3 Taxation

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| Deferred tax | | |
| Origination and reversal of temporary differences | (2,083) | (2,639) |
| Adjustment in respect of previous years | (1,445) | 438 |
| Impact of change in UK tax rate | 243 | 403 |
| Total deferred tax | (3,285) | (1,798) |
| Taxation | (3,285) | (1,798) |

The tax for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | 848,573 | 784,726 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 163,350 | 156,945 |
| Effect of: | | |
| Disallowable expenses and non-taxable income | 507 | 323 |
| Adjustments in respect of prior years | (1,445) | 438 |
| Group relief claimed | (165,940) | (159,907) |
| Impact of change in UK tax rate | 243 | 403 |
| Total tax credit for the year | (3,285) | (1,798) |

Samson Aviation Services Limited

Notes to the financial statements (continued)

4 Intangible assets

| | Computer software |
|---------------------------------|-------------------|
| | £ |
| Cost | |
| At 1 January 2016 | 28,177 |
| Additions | - |
| At 1 January 2017 | 28,177 |
| Additions | - |
| At 31 December 2017 | 28,177 |
| Accumulated amortisation | |
| At 1 January 2016 | 24,682 |
| Charge for the year | 2,468 |
| At 1 January 2017 | 27,150 |
| Charge for the year | 1,027 |
| At 31 December 2017 | 28,177 |
| Net book amount | |
| At 31 December 2017 | - |
| At 1 January 2017 | 1,027 |
| At 1 January 2016 | 3,495 |

Samson Aviation Services Limited

Notes to the financial statements (continued)

5 Property, plant and equipment

| | Short leasehold property £ | Vehicles, plant and machinery £ | Fixtures and fittings £ | Total £ |
|---------------------------------|-------------------------------------|--|-------------------------------|------------|
| Cost | | | | |
| At 1 January 2016 | 214,349 | 100,260 | 102,723 | 417,332 |
| Additions | - | 37,683 | 41,594 | 79,277 |
| Disposals | - | (26,883) | - | (26,883) |
| At 1 January 2017 | 214,349 | 111,060 | 144,317 | 469,726 |
| Additions | - | 3,962 | 922 | 4,884 |
| Disposals | - | (18,482) | (6,020) | (24,502) |
| At 31 December 2017 | 214,349 | 96,540 | 139,219 | 450,108 |
| Accumulated depreciation | | | | |
| At 1 January 2016 | 188,163 | 63,169 | 55,823 | 307,155 |
| Charge for the year | 11,124 | 17,872 | 10,515 | 39,511 |
| Disposals | - | (15,681) | - | (15,681) |
| At 1 January 2017 | 199,287 | 65,360 | 66,338 | 330,985 |
| Charge for the year | 11,124 | 11,681 | 14,608 | 37,413 |
| Disposals | - | (18,357) | (6,020) | (24,377) |
| At 31 December 2017 | 210,411 | 58,684 | 74,926 | 344,021 |
| Net book amount | | | | |
| At 31 December 2017 | 3,938 | 37,856 | 64,293 | 106,087 |
| At 31 December 2016 | 15,062 | 45,700 | 77,979 | 138,741 |
| At 1 January 2016 | 26,186 | 37,091 | 46,900 | 110,177 |

6 Inventories

| | 2017 £ | 2016 £ |
|------------|-----------|-----------|
| Fuel stock | 10,607 | 18,286 |

Samson Aviation Services Limited

Notes to the financial statements (continued)

7 Trade and other receivables

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| Trade receivables | 121,549 | 125,315 |
| Amounts owed by group undertakings | 1,833,810 | 1,086,201 |
| Other receivables | 5,233 | 132 |
| Prepayments and accrued income | 6,690 | 6,368 |
| | 1,967,282 | 1,218,016 |

The directors consider that the carrying value of trade and other receivables is approximately equal to its fair value. The amounts owed by group companies have no fixed repayment term, are unsecured and do not attract interest.

At 31 December 2017, trade receivables of £42,701 (2016: £31,295) were not yet past due. Unless specific circumstances dictate, trade receivables that are less than three months past due are not considered impaired. At 31 December 2017, trade receivables of £61,700 (2016: £91,999) were past due but not impaired. These relate to a number of individual customers with whom there is no recent history of default. The ageing analysis of these trade receivables, for which no provision has been recognised, is as follows:

| | 2017 £ | 2016 £ |
|--------------------|-----------|-----------|
| Up to 3 months | 61,700 | 91,075 |
| More than 3 months | - | 924 |
| | 61,700 | 91,999 |

At 31 December 2017 trade receivables of £35,575 (2016: £24,302) were impaired and provided for. The provision made was £24,051 (2016: £22,283). The ageing of these receivables is as follows:

| | 2017 £ | 2016 £ |
|--------------------|-----------|-----------|
| Up to 3 months | 22,008 | 7,012 |
| More than 3 months | 13,567 | 17,290 |
| | 35,575 | 24,302 |

All of the company's trade and other receivables are denominated in sterling.

The company does not hold any collateral or other credit enhancements over any of its trade receivables.

Samson Aviation Services Limited

Notes to the financial statements (continued)

7 Trade and other receivables (continued)

Movements in the company's provision for impairment of trade receivables are as follows:

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| At 1 January | 22,283 | 17,016 |
| Provision for impairment | 14,090 | 18,705 |
| Receivables written off as uncollectible | - | (1,844) |
| Unused amounts reversed | (12,322) | (11,594) |
| At 31 December | 24,051 | 22,283 |

8 Cash and cash equivalents

| | 2017 | 2016 |
|--------------------------|---------|---------|
| | £ | £ |
| Cash at bank and in hand | 678,911 | 537,720 |

The directors consider that the carrying value of cash and cash equivalents is approximately equal to their fair value.

9 Trade and other payables

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Trade creditors | 49,599 | 28,122 |
| Amounts owed to group undertakings | 1,218 | - |
| Other taxation and social security costs | 4,320 | 9,048 |
| Other creditors | 3,016 | 6,942 |
| Accruals and deferred income | 17,570 | 31,087 |
| | 75,723 | 75,199 |

The directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

Samson Aviation Services Limited

Notes to the financial statements (continued)

10 Financial instruments by category

| | Loans & receivables |
|--|------------------------------------|
| | £ |
| At 31 December 2017 | |
| Financial assets per balance sheet | |
| Trade and other receivables | 1,955,359 |
| Cash and cash equivalents | 678,911 |
| | 2,634,270 |
| | |
| | Other financial liabilities |
| | £ |
| At 31 December 2017 | |
| Financial liabilities per balance sheet | |
| Trade and other payables | 71,403 |
| | 71,403 |
| | |
| | Loans & receivables |
| | £ |
| At 31 December 2016 | |
| Financial assets per balance sheet | |
| Trade and other receivables | 1,211,516 |
| Cash and cash equivalents | 537,720 |
| | 1,749,236 |
| | |
| | Other financial liabilities |
| | £ |
| At 31 December 2016 | |
| Financial liabilities per balance sheet | |
| Trade and other payables | 66,151 |
| | 66,151 |

In accordance with IAS 39, 'Financial instruments: Recognition and measurement', Samson Aviation Services Limited has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives were found.

Samson Aviation Services Limited

Notes to the financial statements (continued)

11 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2016: 17%).

The movement on the deferred tax account is as shown below:

| | 2017 | 2016 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Asset at 1 January | 2,369 | 571 |
| Income and expense credit (note 3) | 3,285 | 1,798 |
| Asset at 31 December | 5,654 | 2,369 |

Deferred tax assets and liabilities at 31 December 2017 have been calculated at the rate applicable to the period in which temporary differences are expected to reverse. Finance Act No2 2015 included provisions to reduce the UK corporation tax rate to 19% with effect from 1 April 2017. Finance Act 2016 introduced further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 and these rates have therefore been used to measure deferred tax assets and liabilities where applicable.

The movements in deferred tax during the period are attributable solely to accelerated capital allowances.

12 Called up share capital

| | 2017 | 2016 |
|---|---------|---------|
| | £ | £ |
| Authorised, allotted, called up and fully paid | | |
| Ordinary shares of £1 each | 105,903 | 105,903 |

Samson Aviation Services Limited

Notes to the financial statements (continued)

13 Cash flow from operating activities

Reconciliation of profit before tax to net cash inflow from operating activities:

| Continuing Operations | 2017 £ | 2016 £ |
|--|----------------|---------------|
| Profit before tax | 848,573 | 784,726 |
| Adjustment for: | | |
| Amortisation of intangibles | 1,027 | 2,468 |
| Depreciation | 37,413 | 39,511 |
| Loss on sale of property, plant and equipment | 125 | 11,200 |
| Interest income | (97) | (2,757) |
| Changes in working capital: | | |
| Decrease/(increase) in inventories | 7,679 | (4,916) |
| Increase in trade and other receivables | (749,266) | (690,372) |
| Increase/(decrease) in trade and other payables | 524 | (49,447) |
| Cash generated from continuing operations | 145,978 | 90,413 |

Samson Aviation Services Limited

Notes to the financial statements (continued)

14 Employees and directors

| | 2017 £ | 2016 £ |
|--|-------------|-------------|
| Staff costs for the company during the year | | |
| Wages and salaries | 157,935 | 139,555 |
| Social security costs | 11,347 | 11,559 |
| Other pension costs | 10,108 | 10,280 |
| | 179,390 | 161,394 |
| Average monthly number of people employed: | | |
| By business activity | 2017 | 2016 |
| Management | 1 | 1 |
| Operations | 6 | 6 |
| Total | 7 | 7 |

No director received any emoluments for services to the company during the year (2016: £nil).

15 Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancelable operating leases as set out below:

| | 2017 | | 2016 | |
|---------------------------------------|--------------------|-------|--------------------|-------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | - | - | 19,150 | - |
| Between one & five years | - | - | - | - |
| After five years | - | - | - | - |

16 Contingent liabilities

The company is subject to a cross guarantee between all group companies in connection with the senior debt raised by its fellow group company, NIAL Finance Limited. The total amount of this debt at the year end was £237,621,000 (2016: £233,000,000).

Samson Aviation Services Limited

Notes to the financial statements (continued)

17 Ultimate parent undertaking and related party transactions

Newcastle International Airport Limited owns 100% of the voting shares of Samson Aviation Services Limited.

All transactions with and recharges paid to Newcastle International Airport Limited are done on an arm's length basis. In the year to 31 December 2017 Samson Aviation Services Limited paid management and other fees to Newcastle International Airport Limited amounting to £100,282 (2016: £92,728). Amounts outstanding with group entities at 31 December 2017 and 2016 are presented in notes 7 and 9.

Newcastle Airport Local Authority Holding Company Limited, incorporated in Great Britain, is the ultimate controlling party and the parent undertaking of the largest group to consolidate these financial statements. The registered address of Newcastle Airport Local Authority Holding Company Limited is Town Hall, South Shields, NE33 2RL. NIAL Group Limited is the parent undertaking of the smallest group to consolidate these financial statements. The registered address of NIAL Group Limited and Newcastle International Airport Limited is Woolsington, Newcastle upon Tyne, NE13 8BZ. Copies of the consolidated financial statements may be obtained from the company secretary.