

Swissport GB Limited

Registered number 00509585

Annual Report and Financial Statements

31 December 2019



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Strategic report

The Directors present their strategic report for the year ended 31 December 2019.

Principal activities

The Company trades as an airport passenger ground handling and cargo handling agent along with airport lounge services at or near various airports in the United Kingdom.

Business review

The results for the Company show an operating loss of £9.6 million for the year (2018 restated :£12.5 million profit) on turnover of £291 million (2018 : £291 million). During the year the company invested £19 million in ground handling service equipment which increased operating costs.

Key Performance Indicators (KPI's)

Swissport International manages its operations on a divisional basis. The development, performance and position of the Aviation division of Swissport International, which includes the Company, is discussed in Swissport International Limited's annual report.

KPI's applicable to the Company are:

	2019	2018 (restated) ¹ .
	£000	£000
Turnover	291,225	291,096
Operating (Loss)/Profit for the financial year	(9,672)	12,534
Net assets	18,465	31,739

1. For prior year restatement see note 1.18

Net assets were favourably affected in the year by a significant decrease of £6.4 million in its Defined Benefit Pension Scheme liability following a gross remeasurement gain in the year of £2.1 million which is recognised in Other Comprehensive Income. Further details of the pension scheme movements are shown in note 19 to the accounts.

The loss before taxation for the year of £14.6 million (2018: profit £11.5 million) included impairment of investments of £18.2 million. At 31 December 2019, the company had net current liabilities of £17.6 million (2018: £13.2 million).

Risks and uncertainties

It is the aim of the directors to increase risk awareness across the Company and promote a culture where both risk and opportunity are identified and managed. The Company seeks to mitigate impacts or reduce the likelihood of major risk events, where practicable, and to transfer risk to insurers where cost effective.

The principal risks that have been identified fall into the following categories:

External Risks

Competition

The Company operates in very competitive markets. Previously airport operating licences limiting service alternatives at each airport minimised this risk, but this is increasingly less of a barrier to entry. The Company spends considerable resources on continuously improving productivity and unit labour costs and planning and rostering systems in particular are regularly being improved. The Company periodically refreshes its fleet of ground handling equipment which increases operating costs. The Company is one of the strongest players and is now part of the largest global independent ground handling and cargo operator in the world.

Customer Liquidity

The Company's main customers are airlines for whom liquidity may be an issue, particularly during a downturn in demand when there is an increased risk of a major customer seeking creditor protection. A strong culture of credit control within the Company ensures that this exposure is limited.

Strategic report (continued)

Economic activity

Demand for airline related services is driven primarily by economic activity, which tends to be adversely affected by global factors such as terrorism, war, and oil prices. Since the year-end the Covid pandemic has resulted in severe restrictions on air-travel and has had a major impact on economic activity. As the bulk of costs are labour related, maintaining an element of temporary staffing allows a significant degree of flexibility to allow for such occurrences.

Internal Risks

Health and Safety

Airside operations may be hazardous if not properly managed. Strong operating procedures, in many cases exceed industry standards, recurrent training and on-going internal health and safety audits enable the Company to manage this risk.

Accidental damage

Although incidents are few, the Company strives to eradicate accidental damage through a process of continuous improvement and recurrent training which is conducted with more rigour than industry recommended standards. Contracts with airlines generally include the standard IATA liability limits and insurance cover is used to mitigate the financial impact of any incidents.

Failure to deliver

Ensuring continuous service delivery is critical. The following factors help to manage this risk:

- regular engagement with employees and their representatives
- business continuity plans
- key systems disaster recovery.

Financial Risks

Price risk

The majority of sales contracts include annual inflation-linked rises, therefore protecting margins.

Credit risk

Credit risk is managed extremely carefully, with some customers operating on a prepay basis or with limited credit. Additional steps may be taken to further reduce credit risk, when necessary, including securing bank and parental company guarantees from a number of customers.

Liquidity risk

Liquidity is strong as the Company has the financial support of Swissport International, the world's largest provider of ground and cargo handling services in the aviation industry which generates annual operating revenues in excess of EUR 3 billion under normal trading conditions. Swissport International secured external funding in 2020 to provide the group with enough liquidity to trade through the ongoing COVID-19 pandemic.

Interest rate risk

External borrowings are predominantly finance leases with fixed repayments including an interest element. Interest accrues on our receivable loan from our Group Treasury pooling facility at a margin of EURIBOR + 1.5%.

Strategic report *(continued)*

Post Balance Sheet Events

In January 2020, Flybe Limited went into administration. Due the company's strong credit control procedures noted in this report, and a broad spread of customers, this event is not expected to have a material impact on the future trading of the company or the year end balance sheet.

COVID-19 Pandemic

In 2019 China had alerted the World Health Organisation of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Increasingly widespread global measures to contain the spread of COVID-19 (Coronavirus) have had a significant impact on the global economy including the aviation industry. Travel restrictions and reduced customer demand have affected both ground handling and cargo lines of business, however the biggest reductions have been passenger travel and the cargo sector has remained relatively active throughout periods of lockdown.

The company has responded by reducing headcount wherever possible and using government support including the Coronavirus Job Retention Scheme (furlough) to reduce costs in the short term to ensure the company is able to return to normal operations as global lockdown measures continue to be lifted.

Brexit

Brexit has not had a significant adverse effect on the business operations of the Company. In fact, the Company has benefited from the increase in global air freight volumes in recent months. Swissport GB Limited has the scale and flexibility of the Swissport group behind it to support local & global customers and stakeholders at stations across the UK & Ireland.

Change in Ownership

On 21 December 2020, the shares in Swissport International Ltd, an intermediary parent holding company, were transferred from HNA Group Co. Limited to a group of established global financial investors. The lead investors are investment funds managed by affiliates of Strategic Value Partners, LLC, Apollo Global Management, Inc., TowerBrook Capital Partners, Ares Management, Cross Ocean Partners and King Street Capital Management, LP. As a result, Radar Topco SARL, a newly incorporated company in Luxembourg is now the ultimate parent company.

Strategic report *(continued)*

Section 172(1) Statement

This statement set out, in accordance with section 414CZA of the Companies Act 2006 how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties.

The Directors consider that the Directors have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year. In doing so have regard (amongst other matters) to;

- the likely consequence of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

Considering this broad range of interests is an important part of the way the Board makes decisions.

Stakeholders

Strong and resilient relationships with key stakeholders are of pivotal importance in any service business. For Swissport, with its hybrid profile of B2B contracts and airline passenger interactions, these relationships are critical. Our key stakeholders include: airlines, airports and airport authorities, IATA and other international aviation industry associations, shareholders, management, staff, trade unions and works councils, local communities, suppliers, passengers, shippers and forwarders.

Customers

Swissport delivers high-quality services in airport ground services and air cargo handling, ranging from singular passenger, ramp and cargo handling services to full-hub outsourcing solutions.

The Company currently provides services to 285 corporate clients and over 66 million passengers a year. Customer and stakeholder relations are key factors for our success.

Employees

The Company has a large workforce and maintains with a well-developed structure through which it engages regularly with employees and their representatives, such as works councils and trade unions.

Shareholders

The Company is part of the Swissport International Group to which the Board is accountable.

Suppliers

The Company strives to engage in long-term relationships with suppliers who must comply with all applicable laws, regulations and standards, including the Swissport Code of Conduct.

Engaging with the Environment

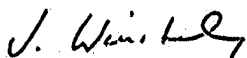
The Company integrates sustainability into strategic and operational objectives and decision-making. This approach supports our ambition to achieve profitable growth and focus on value creation through sustainable business practices. The Company is increasingly using eGSE instead of fossil-fuel powered vehicles.

Strategic Report (Continued)

Engaging with the Community

The Company has committed itself to upholding high standards of human rights and to combating all potential forms of human rights violations, including freedom of association or collective bargaining and the abolition of child labour and compulsory labour.

On behalf of the board



J Winstanley
Director
Date: November 16, 2021

Swissport GB Limited
Swissport House
Hampton Court
Manor Park
Runcorn
Cheshire
WA7 1TT

Directors' report

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

Financial instruments

The company's operations are funded through a combination of leases, loans from other companies within the Swissport International Group, equity and working capital (debtors less creditors). The financial risks are described in the Strategic Report.

Directors

The directors who held office during the year were as follows:

D Harding	(resigned 30 August 2019)
J Gaskell	(resigned 26 February 2021)
L Wirth	(resigned 1 April 2019)
B Kay	(resigned 17 July 2020)
J Holt	(appointed 1 April 2019, resigned 20 June 2020)
N Kaddouri	(appointed 1 August 2019)
L McElroy	(appointed 29 June 2020, resigned 20 August 2021)
J Winstanley	(appointed 1 March 2021)
C Wallace	(appointed 20 August 2021)

Company secretary

LDC Nominee Secretary Limited

Employees

The Company's managers meet regularly with employees' representatives to discuss issues of concern and exchange views on matters likely to affect employee interests. Such meetings also enable the Company to make employees aware of the financial and economic factors affecting the performance of the Company. Disabled persons are employed and trained whenever their aptitudes and abilities allow, subject to any overriding consideration of access and safety at the workplace. Where any employee becomes disabled during the period of their employment with the Company, retraining and continued employment is arranged wherever practicable.

Going Concern

The financial statements have been prepared on the going concern basis. In assessing the going concern assumptions, the Board has assessed the forecast outturns and assessed identified downside risks and mitigating actions. The Company believes that it has sufficient mitigating actions available to it that it could address almost all downside scenarios.

The COVID-19 crisis has had a significant impact on the financial performance of all organisations in the industry, including the Company, most noticeably in 2020 and early 2021 during the periods of most severe restriction on movement and international travel. There continues to be an impact on levels of activity across the industry and the Directors can not yet quantify the total magnitude and duration at this time given the rapidly evolving situation. The success of the vaccine rollout programme in the UK and globally has resulted in many markets reopening and current activity levels are rebounding. Current industry analysis and the UK Government's published "Winter Plan" give a more stable view of expected activity levels over the going concern assessment period to December 2022.

In making their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport. They have considered severe but plausible downside scenario analysis and stress testing to evaluate the possible outcomes. The Directors concluded that while the company is expected to return to profitability and be cash generative in the going concern assessment period, there remains a risk that available cash resources may not be sufficient should the outlook change if, for example, restrictions on movement were reimposed. To mitigate this risk, the Directors have obtained a letter of parental support from the ultimate parent company. This provides Swissport's UK subsidiaries financial support up to £24m for a period of twelve months from the date of approval of the financial statements should it be required. The Directors have also assessed the level of support being provided and compared this to their severe but plausible downside scenario analysis before mitigating actions are taken, and note that in this most severe forecast, the level of support provides sufficient amount of headroom.

Directors' report (continued)

Going Concern (continued)

The Directors have assessed the Group's capacity to provide this support by considering the Group's current cash resources and forecasts for the same period. As described in note 22, the group was restructured and refinanced in December 2020 and is now under new ownership. This saw existing debt reduced by EUR 1.9bn, annual interest costs reduce by EUR70m and liquidity increase to EUR500m from existing cash and a new term loan. This has resulted in a significant amount of cash headroom on forecasts and the Directors have concluded that the Group is well placed to provide the support should it be required.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern, noting, however that the group is well positioned to withstand the ongoing impact of COVID-19 pandemic as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis taking into account the support provided by the ultimate parent company for the going concern assessment period. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

The Directors have also considered other external factors outside of the direct control of the business. There is risk from a possible resurgence of coronavirus, including possible new variants, and, or in combination with, other seasonal viruses that may require further restrictions on international travel. Furthermore, there is uncertainty over political decision making, both domestically and internationally, that may contradict the stated measures by which decisions on the scope of international travel may be permitted.

These factors are outside of the company's control, and give rise to some degree of uncertainty, but it is the Directors view that these do not cast significant doubt on the entity's ability to continue as a going concern due to the level of funds available to the company in the forecast period and the expected rate of recovery across the industry backed by such measures as the UK Government's "Winter Plan" and the continuing vaccine rollout.

The Directors have considered the impact of the pandemic on the financial statements for the year ended 31 December 2019 and also taken into consideration the change in the ultimate parent company in 2020 which coincided with a refinancing of the Group. The funding to the Company is provided by the ultimate parent company, which is committed to maintaining the liquidity of the Company. The Board have considered the forecasts, downside sensitivities and the level of cash resources available to the Company. It has determined that the actions that it has taken and are available to take in the future, should they be required, are sufficient to mitigate the uncertainty. Reflecting the Board's confidence, the Company continues to adopt the going concern basis in preparing its financial statements.

Future developments

The impact of the COVID-19 pandemic on the Company and its operations and the Company's response to it are discussed in the Strategic report.

The directors expect the company to continue trading in its key markets for the foreseeable future. There are no material future developments that would be expected to impact the business beyond those matters already included in Strategic Report of these financial statements.

Disclosure of information to auditor

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

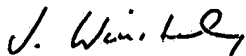
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Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006. Ernst & Young LLP have been reappointed and will continue in office.

By order of the board



J Winstanley

Director

Date: November 16, 2021

Swissport GB Limited
Swissport House
Hampton Court
Manor Park, Runcorn
Cheshire, WA7 1TT

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWISSPORT GB LIMITED

Opinion

We have audited the financial statements of Swissport GB Limited for the year ended 31 December 2019 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 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to the "Going concern" note in the financial statements, which states that the company is reliant upon parental support from Swissport International Limited ("the parent company"). Whilst parental support has been provided to the company by the parent company for a period of twelve months from the date of approval of the financial statements, this parental support is provided on a non-binding basis, up to a maximum amount of £24 million. As stated in the "Going concern" note, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWISSPORT GB LIMITED (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWISSPORT GB LIMITED (continued)

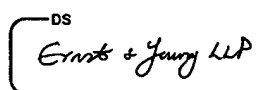
Auditor's responsibilities for the audit of the financial statements

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

^{DS}
A stylized signature of 'Ernst & Young LLP' in cursive script, enclosed within a rectangular box that has a horizontal line extending to the right.

Matthew Fox (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
Date: November 17, 2021

Profit and Loss Account
for year ended 31 December 2019

	Note	2019 £000	2018 £000 (restated)1.
Revenue	2	291,225	291,096
Cost of sales		(183,165)	(182,825)
Gross profit		<u>108,060</u>	<u>108,271</u>
Administrative expenses		(99,484)	(95,737)
Impairment of investments	9	(18,249)	-
Operating (loss)/profit		<u>(9,673)</u>	<u>12,534</u>
Interest payable and similar expenses	6	(4,906)	(1,002)
(Loss)/profit before tax		<u>(14,579)</u>	<u>11,532</u>
Tax on (loss)/profit on ordinary activities	7	(255)	1,151
(Loss)/profit for the financial period		<u>(14,834)</u>	<u>12,683</u>
Total comprehensive (expense)/income for the financial period		<u><u>(14,834)</u></u>	<u><u>12,683</u></u>

1. For prior year restatement see note 1.18

All results derive from continuing operations

The notes on pages 17 to 36 form part of these financial statements.

Statement of Other Comprehensive Income
for year ended 31 December 2019

	<i>Note</i>	2019	2018 (restated)
		£000	1. £000
Profit/(Loss) for the financial year		(14,834)	12,683
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability	<i>17</i>	2,026	10,848
Remeasurement of finance lease assets under IFRS16	<i>15</i>	(122)	-
Income tax	<i>14</i>	(344)	7,657
Other comprehensive income for the year, net of income tax		1,560	18,505
Total comprehensive (expenses)/income for the year		<u>(13,274)</u>	<u>31,188</u>

1. For prior year restatement see note 1.18

All results derive from continuing operations.

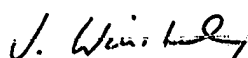
The notes on pages 17 to 36 form part of these financial statements.

Balance Sheet
at 31 December 2019

	Notes	2019 £000	2018 (restated) 1. £000
Fixed assets			
Tangible assets	8	31,237	30,775
Investments	9	22,564	40,813
Right of use assets	15	64,333	0
		<u>118,134</u>	<u>71,588</u>
Current assets			
Stocks	10	685	857
Debtors	11	50,090	39,601
Cash at bank and in hand		0	536
Deferred tax asset	12	9,704	10,591
		<u>60,479</u>	<u>51,585</u>
Creditors: amounts falling due within one year	13	<u>(78,071)</u>	<u>(64,745)</u>
Net current liabilities		<u>(17,592)</u>	<u>(13,160)</u>
Total assets less current liabilities		100,542	58,428
Creditors: amounts falling due after more than one year	14	(61,856)	(46)
Provision or other liabilities: Pension liability	17	(20,221)	(26,643)
Net assets		<u>18,465</u>	<u>31,739</u>
Capital and reserves			
Called up share capital	20	27,010	27,010
Share premium account		500	500
Other reserve	21	(6,264)	(6,264)
Retained earnings		<u>(2,781)</u>	<u>10,493</u>
Shareholders' funds		<u>18,465</u>	<u>31,739</u>

1. For prior year restatement see note 1.18

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the board of directors on 16th November 2021 and were signed on its behalf by:**J Winstanley**
Director

Company registered number:

Statement of Changes in Equity
at 31 December 2019

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total Equity
	£000	£000	£000	£000	£000
Balance at 1 January 2018	27,010	500	(6,264)	(20,695)	551
Profit for the year	-			12,683	12,683
Other comprehensive income	-			18,505	18,505
Total comprehensive income for the period	-	-	-	31,188	31,188
Balance at 31 December 2018 (restated) 1. and 1 January 2019	27,010	500	(6,264)	10,493	31,739
Loss for the year	-			(14,834)	(14,834)
Other comprehensive income	-			1,560	1,560
Total comprehensive income for the period	-	-	-	(13,274)	(13,274)
Balance as at 31 December 2019	27,010	500	(6,264)	(2,781)	18,465
1. For prior year restatement see note 1.18					

The notes on pages 17 to 36 form an integral part of these statements.

Notes *(forming part of the financial statements)*

1 Accounting policies

1.1 Basis of Preparation

Swissport GB Limited (the Company) is a private company incorporated, domiciled and registered in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006.

The following FRS 101 disclosure exemptions have been applied:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures.

The Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement; and
- Disclosures required by IFRS 7 Financial Instruments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Pounds Sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Company's ultimate parent undertaking at the balance sheet date, HNA Group Co Limited included the Company in its consolidated financial statements. The consolidated financial statements of 31 December 2019 are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from HNA Group Co Limited Haixiu Road, Haikou, Hainan Province, Peoples Republic of China.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The financial statements have been prepared on the going concern basis. In assessing the going concern assumptions, the Board has assessed the forecast outturns and assessed identified downside risks and mitigating actions. The Company believes that it has sufficient mitigating actions available to it that it could address almost all downside scenarios.

The COVID-19 crisis has had a significant impact on the financial performance of all organisations in the industry, including the Company, most noticeably in 2020 and early 2021 during the periods of most severe restriction on movement and international travel. There continues to be an impact on levels of activity across the industry and the Directors can not yet quantify the total magnitude and duration at this time given the rapidly evolving situation. The success of the vaccine rollout programme in the UK and globally has resulted in many markets reopening and current activity levels are rebounding. Current industry analysis and the UK Government's published "Winter Plan" give a more stable view of expected activity levels over the going concern assessment period to December 2022.

In making their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport. They have considered severe but plausible downside scenario analysis and stress testing to evaluate the possible outcomes. The Directors concluded that while the company is expected to return to profitability and be cash generative in the going concern assessment period, there remains a risk that available cash

Notes *(continued)***1** **Accounting policies** *(continued)***Going concern** *(continued)*

resources may not be sufficient should the outlook change if, for example, restrictions on movement were reimposed. To mitigate this risk, the Directors have obtained a letter of parental support from the ultimate parent company. This provides Swissport's UK subsidiaries financial support up to £24m for a period of twelve months from the date of approval of the financial statements should it be required. The Directors have also assessed the level of support being provided and compared this to their severe but plausible downside scenario analysis before mitigating actions are taken, and note that in this most severe forecast, the level of support provides sufficient amount of headroom.

The Directors have assessed the Group's capacity to provide this support by considering the Group's current cash resources and forecasts for the same period. As described in note 22, the group was restructured and refinanced in December 2020 and is now under new ownership. This saw existing debt reduced by EUR 1.9bn, annual interest costs reduce by EUR70m and liquidity increase to EUR500m from existing cash and a new term loan. This has resulted in a significant amount of cash headroom on forecasts and the Directors have concluded that the Group is well placed to provide the support should it be required.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern, noting, however that the group is well positioned to withstand the ongoing impact of COVID-19 pandemic as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis taking into account the support provided by the ultimate parent company for the going concern assessment period. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

The Directors have also considered other external factors outside of the direct control of the business. There is risk from a possible resurgence of coronavirus, including possible new variants, and, or in combination with, other seasonal viruses that may require further restrictions on international travel. Furthermore, there is uncertainty over political decision making, both domestically and internationally, that may contradict the stated measures by which decisions on the scope of international travel may be permitted.

These factors are outside of the company's control, and give rise to some degree of uncertainty, but it is the Directors view that these do not cast significant doubt on the entity's ability to continue as a going concern due to the level of funds available to the company in the forecast period and the expected rate of recovery across the industry backed by such measures as the UK Government's "Winter Plan" and the continuing vaccine rollout.

The Directors have considered the impact of the pandemic on the financial statements for the year ended 31 December 2019 and also taken into consideration the change in the ultimate parent company in 2020 which coincided with a refinancing of the Group. The funding to the Company is provided by the ultimate parent company, which is committed to maintaining the liquidity of the Company. The Board have considered the forecasts, downside sensitivities and the level of cash resources available to the Company. It has determined that the actions that it has taken and are available to take in the future, should they be required, are sufficient to mitigate the uncertainty. Reflecting the Board's confidence, the Company continues to adopt the going concern basis in preparing its financial statements.

1.4 **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated

at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Notes *(continued)***1** **Accounting policies** *(continued)***Non-derivative financial instruments** *(continued)***Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in debt and equity securities

Investments in jointly controlled entities and subsidiaries are carried at cost less impairment.

1.6 Intra-group financial instruments

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.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Estimated useful lives for some assets were revised at the start of the year to bring in line with Swissport International accounting policy. Land is not depreciated. The estimated useful lives are as follows:

Airport equipment	-	4 to 10 years
Fixtures and fittings	-	4 years
Computers	-	4 years
Motor vehicles	-	4 to 10 years
Land and buildings	-	10 years

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes (continued)

1 Accounting policies (continued)

1.9 Leases

A lease contract is a contract which conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses at contract inception whether a contract is a lease contract, or whether an element of the contract contains a lease.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease payment liabilities and the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the date the underlying asset is available for use the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings (see Note 19).

iii) Short-term leases and leases of low-value assets

The Company applies the low value asset exemption to leases of office equipment that are considered to be low value and the short-term lease recognition exemption to its short-term leases of machinery and equipment which have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Notes *(continued)***1** **Accounting policies** *(continued)***1.10** **Impairment excluding stocks and deferred tax assets***Financial assets (including trade and other debtors)*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Notes *(continued)***1** **Accounting policies** *(continued)***1.10** **Impairment excluding stocks and deferred tax assets** *(continued)*

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into a CGU which represents the smallest group of assets which together generate cash inflows from continuing use and which are largely independent of the cash inflows of other assets or CGUs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs, or a group of CGUs, which are expected to benefit from the synergies of the combination and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 **Employee benefits***Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

Notes (continued)

1 Accounting policies (continued)

1.11 Employee benefits (continued)

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Revenue from contracts with customers

Revenue (Turnover) represents amounts derived from the provision of airport ground handling and cargo handling services during the year, exclusive of trade discounts, rebates and value added tax. Turnover is recognised on completion of services.

The Company provides ground handling and cargo handling services which are distinct performance obligations usually sourced separately by customers. These services are not highly interdependent or interrelated.

When the Company satisfies a performance obligation, it recognises revenue at the transaction price agreed under the terms of the contract with the customer.

The Company recognises revenue at a point in time when the service obligation has been satisfied.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)**1 Accounting policies (continued)****1.15 Business Combination**

In a common control transaction, when the trade and assets are acquired from another group entity, the company recognises acquired assets and liabilities at book values as reported in the transferor, with the difference between the book values and considerations paid recognised directly in other reserves.

1.16 Changes in accounting policies and disclosures

The Company has applied IFRS 16 *Leases* for the first time in these financial statements. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 15.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1.17 Use of estimates and judgements

In preparing these financial statements the directors' have made judgements, estimates and assumptions that affect the application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The key accounting judgements and sources of estimation uncertainty affecting these financial statements relate to:

- (i) The assumption used to test non-current assets for impairment. Assumptions relating to risk-adjusted cash flows are based on business forecasts and are therefore inherently subjective. Future events could cause a change in business forecasts, with a consequent adverse effect on the future results of the company.
- (ii) Evaluation of provisions. Key assumptions relate to the evaluation of the likelihood of an outflow of resources due to a past event, as well as to the evaluation of the best estimate of the likely outcome. These estimates take into account specific circumstances and therefore are inherently subjective and could change substantively over time as new facts arise.

1.18 Prior Year Adjustment

During the preparation of the 2019 financial statements, Swissport management found an error in the calculation method applied when assets were transferred from Flightcare Multiservices Limited, a company under common control, in 2018. As a result of this error, the value of the assets transferred to the company was overstated by £3,489,000 and the total comprehensive income for the year was overstated by £3,849,000. This was a mathematical error in the compilation of the financial statements. As required under IAS8, the Company has restated the prior year comparatives in the 2019 financial statements.

Balance Sheet as at 31 December 2018

	31 December 2018 (as reported in prior year) £000	Prior Year Adjustment £000	31 December 2018 (restated) £000
Tangible Fixed Assets			
Fixed assets at Cost	101,402	(3,849)	97,553
Net Book Value	34,624	(3,849)	30,775

Shareholders Funds as a 31 December 2018

	31 December 2018 (as reported in prior year)	Prior Year Adjustment	31 December 2018 (restated)
Opening Shareholders Funds	551	-	551
Total Comprehensive Income for the year	35,037	(3,849)	31,188
	<u>35,588</u>	<u>(3,849)</u>	<u>31,739</u>

Notes (continued)

1.18 Prior Year Year Adjustment (continued)

Administration Costs for the year ended 31 December 2018

	2018 (as reported in prior year) £000	Prior Year Adjustment £000	2018 (restated) £000
Administration Costs	91,888	3,849	95,737

2 Revenue from contracts with customers

	2019 £000	2018 £000
Airport passenger ground handling	236,728	236,992
Cargo handling	54,497	54,104
Total turnover	291,225	291,096

3 Expenses and auditor's remuneration

Included in the profit are the following:

	2019 £000	2018 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	187	187

Notes (continued)**4 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Operations	8,085	7,795
Administration	341	261
	<u>8,426</u>	<u>8,056</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	166,856	167,187
Social security costs	12,004	12,209
Contributions to defined contribution plans (note 19)	2,283	1,613
Expenses related to defined benefit plans (note 19)	1,691	1,324
	<u>182,834</u>	<u>182,333</u>

5 Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration	1,166	954
Amounts receivable under long term incentive schemes	92	91
	<u>1,258</u>	<u>1,045</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £415,000 (2018: £361,000).

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
Defined benefit schemes	2	2
	<u>4</u>	<u>4</u>

6 Interest payable and similar charges

	2019	2018
	£000	£000
Total interest expense on financial liabilities measured at amortised cost	173	31
Interest payable on operating leases for right of use assets	4,012	-
Interest on net defined benefit pension plan liability (note 20)	704	974
Net foreign exchange gain/(loss)	17	(3)
	<u>4,906</u>	<u>1,002</u>

Notes (continued)**7 Taxation****(a) Recognised in the profit and loss account**

	2019 £000	£000	2018 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Group relief payable/(receivable)	(289)		715	
Adjustments in respect of prior periods	-		1,068	
Total current tax		(289)		1,783
<i>Deferred tax (note 12)</i>				
Origination and reversal of temporary differences	418 126		(2,934) -	
Total deferred tax		544		(2,934)
Tax on profit on ordinary activities		255		(1,151)

(b) Deferred tax relates to items charged or credited to other comprehensive income

	2019 £000	2018 £000
Deferred tax charge/(credit) recognised directly in equity	344	(7,657)

(c) Reconciliation of effective tax rate

	2019 £000	2018 £000
(Loss)/profit for the year	(14,834)	12,684
Total tax charge/(credit)	255	(1,151)
Profit excluding taxation	(14,579)	11,533
Tax using the UK corporation tax rate of 19% (2018: 19%)	(2,770)	2,191
Fixed asset differences including prior year restatement of fixed assets	(424)	197
Other non-deductible expenses	176	963
Impairment of fixed asset investments	3,467	-
Under / (over) provided in prior years	-	1,068
Movements in deferred tax	(194)	(5,570)
Total tax charge/(credit)	255	(1,151)

The company has recognised deferred tax of £2,390,000 (2018: £2,934,000) against current profits of the current year and £7,313,000 (2018: £7,657,000) directly in equity. The directors have established that it is probable that future profits will be available against which the temporary differences can be utilised.

Factors that may affect the future tax charge

The standard rate of UK corporate tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporate tax rate of 17% from 1 April 2020. Accordingly, these rates were applicable in the measurement of deferred tax assets and liabilities at 31 December 2019.

The budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 11 March 2020 by a way of special resolution. Deferred tax has been provided at 19% being the rate at which temporary differences are expected to reverse.

Notes (continued)**7 Taxation (continued)**

The rate was subsequently increased to 25% with effect from 1 April 2023 in Budget of March 2021 and this was substantively enacted on 24 May 2021. The impact on the deferred tax balance of this rate change is £3,064,000.

8 Tangible fixed assets

	Land and buildings £000	Airport equipment £000	Fixtures and fittings £000	Motor vehicles £000	Computers £000	Total £000
Cost						
Balance at 1 January 2019 (restated)1.	12,919	20,369	6,254	52,096	5,915	97,553
Additions	90	8,838	1,967	69	621	11,585
Reclassifications	(10,854)	-	10,854	-	-	-
Disposals	(59)	(1,997)	(29)	(5,792)	(11)	(7,888)
Balance at 31 December 2019	2,096	27,210	19,046	46,373	6,525	101,250
Accumulated depreciation						
Balance at 1 January 2019	7,330	16,566	5,377	33,143	4,362	66,778
Charge for the year	884	1,085	429	2,147	913	5,457
Reclassifications	(6,535)	-	6,535	-	-	-
Disposals	(28)	(316)	(29)	(1,836)	(11)	(2,220)
Balance at 31 December 2019	1,650	17,335	12,312	33,454	5,263	70,014
Net book value						
Balance at 31 December 2019	446	9,876	6,734	12,919	1,262	31,237
Balance at 31 December 2018 (restated)1.	5,589	3,803	877	18,953	1,553	30,775

1. For prior year restatement see note 1.18

Land and Buildings

The net book value of land and buildings comprises:

	2019 £000	2018 (restated) 1. £000
Freehold	446	789
Leasehold improvements	-	4,800
	446	5,589

1. For prior year restatement see note 1.18

Leased plant and machinery

At 31 December 2019 the net carrying amount of leased equipment, motor vehicles and computers was nil (2018: £2,644,000).

Notes (continued)**9 Fixed asset investments**

	Share in group undertakings £000
<i>Cost</i>	
At beginning and end of year	40,813
<i>Impairment of investment in Swissport Stansted Limited</i>	
In the year and at end of year	18,249
<i>Net Book Value</i>	
As at 31 December 2019	22,564
As at 31 December 2018	40,813

The directors carried out a review of investments in the year and established impairment indicators in four subsidiary undertakings. The directors undertook a fair value calculation of the investments and as a result have reduced the carrying value by £18,249,000 in 2019. This new valuation reflects the estimated value in use of the investments held at the year end.

The Company has the following investments in subsidiaries and jointly controlled entities:

Subsidiary undertaking	Country of incorporation	Principal activity	Proportion of ordinary shares %
Servisair (Contract Handling) Limited	England and Wales	Dormant	100
Airway Handling Limited	England and Wales	Dormant	100
Shamrock Logistics Limited	England and Wales	Dormant	100
Shamrock Logistics Limited Ireland	Ireland	Distribution agent	*100
Trading Spaces Limited	Ireland	Dormant	100
Flightcare Multiservices UK Limited	England and Wales	Cleaning and Catering	100
Flightcare Multiservices Ireland	Ireland	Cleaning and Catering	*100
Swissport Stansted Limited	England and Wales	Aircraft handling agent	**100
Swissport Fuelling Services Limited	England and Wales	Aircraft refueller	100
Swissport Fuelling Limited	England and Wales	Aircraft refueller	100
Swissportald Limited	England and Wales	Airport lounge operator	51
Swissport Jersey Limited	England and Wales	Aircraft handling agent	100

(* = indirectly held)

10 Stocks

	2019 £000	2018 £000
Raw materials and consumables	615	857

Raw materials and consumables recognised as cost of sales in the year amounted to £492,000 (2018: £619,000). There were no write downs of stock during the year (2018: £nil).

11 Debtors

	2019 £000	2018 £000
Trade debtors	32,009	26,502
Amounts owed by group undertakings	10,806	3,805
Other debtors	3,367	3,286
Prepayments and accrued income	3,908	6,008
	50,090	39,601

All debtors are repayable within one year. All amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes *(continued)***12 Deferred tax assets and liabilities**

	2019	2018
	£000	£000
Deferred tax assets:		
Tangible fixed assets	1,234	945
Employee benefits	3,523	4,555
Other (unused tax losses and tax credits)	4,947	5,092
	<hr/>	<hr/>
	9,704	10,592
	<hr/>	<hr/>

Movement in deferred tax balance during the year

	31 December 2018 £000	Recognised in profit and loss £000	Recognised in equity £000	31 December 2019 £000
Tangible fixed assts	(945)	(289)	-	(1,234)
Employee benefits	(4,555)	688	344	(3,523)
Other (unused tax losses and tax credits)	(5,092)	145	-	(4,947)
	<hr/>	<hr/>	<hr/>	<hr/>
	(10,592)	544	344	(9,704)
	<hr/>	<hr/>	<hr/>	<hr/>

The deferred tax assets have all been recognised based on recent trading performance and forecast profitability. It is considered probable that there will be sufficient future taxable profits available against which the temporary differences can be utilised.

13 Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	8,559	6,551
Overdrafts	89	251
Amounts owed to group undertakings	33,974	7,145
Bank Loans secured against plant & machinery	861	16,172
Lease Liabilities	9,358	-
Taxation and social security	2,706	2,178
Accruals and deferred income	22,524	32,448
	<hr/>	<hr/>
	78,071	64,745
	<hr/>	<hr/>

Details of interest-bearing loans and borrowings are set out in note 16.

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes (continued)**14 Creditors: Amounts falling after more than one year**

	2019 £000	2018 £000
Bank Loans secured on plant & machinery	5,700	46
Lease Liabilities	55,058	-
Provisions for Lease Diliapidations	1,098	-
	<u>61,856</u>	<u>46</u>

15 Leases

The Company has lease contracts for leasehold properties, ground handling and cargo airport equipment, motor vehicles and computer assets, all used in its operations. Leases may have lease terms between 3 and 15 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and Buildings £000	Airport Equipment £000	Motor Vehicles £000	Computers £000	Total £000
As at 1 January 2019	44,259	4,168	6,164	776	55,367
Additions	14,758	7,208	1,008	27	23,001
Depreciation Expense	(9,396)	(2,970)	(1,460)	(209)	(14,035)
	<u>49,621</u>	<u>8,406</u>	<u>5,712</u>	<u>594</u>	<u>64,333</u>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	£000
As at 1 January 2019	55,367
Additions	23,001
Accrued Interest	4,012
Payments	(17,964)
	<u>64,414</u>
Balance at 31 December 2019	<u>64,414</u>
Current	9,358
Non-current	55,058

	£000
The following are the amounts recognised in profit or loss:	
Depreciation expense of right-of-use assets	14,035
Interest expense on lease liabilities	4,012
Variable lease payments	1,037
Short-term lease payments	81
Low-value lease payments	1,243
	<u>20,408</u>
Total amounts recognised in profit & loss	<u>20,408</u>

Notes *(continued)***15 Leases** *(continued)*

The Company had total cash outflows for leases of £20,324,000 in 2019.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term are nil. The Company only recognised options that it has a legal right to right to exercise, and which are reasonably certain to be exercised. Therefore there are no undiscounted potential future rental payments other than those already included in the lease liability.

First time adoption of IFRS 16

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases which requires lessees to recognise most leases on the balance sheet.

The Company adopted IFRS 16 using the full retrospective method of adoption, with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019 but to apply the standard only to contracts that were previously identified as leases. The Company also elected to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the full retrospective method of adoption, the Company applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

As at 1 January 2019 and 31 December 2019:

- 'Right-of-use assets' were recognised and presented separately in the statement of financial position.
- Lease assets recognised previously under finance leases, which were included under 'Property, plant and equipment', were derecognised.
- Additional lease liabilities were recognised and included under 'Interest bearing loans and borrowings'.
- 'Prepayments' and 'Trade and other payables' related to previous operating leases were derecognised.
- 'Deferred tax liabilities' decreased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.

The effect of adopting IFRS 16 is, as follows:

Impact on the statement of financial position (increase/(decrease)):

	31 December 2019	31 December 2018
	£000	£000
Right of Use Assets	64,333	288
Property, Plant and Equipment	-	(410)
Prepayments	(1,019)	
Total Assets	63,314	(122)
Equity		
Retained earnings	(1,102)	(122)
Liabilities		
Interest Bearing Loans and Borrowings	(64,416)	(288)

Notes (continued)**15 Leases (continued)****Impact on the statement of profit or loss (increase/(decrease):**

	2019 £000
Admin Expenses	(2,910)
Operating Profit	(2,910)
Interest Payable on lease liability	4,012
Profit for the Period	1,102

Retained earnings and non-controlling interests decreased due to the net impact of these adjustments.

For the year ended 31 December 2019:

- Depreciation expense increased because of the depreciation of additional assets recognised (i.e increase in right-of-use assets, net of the decrease in 'Property, plant and equipment'). This resulted in increases in Administrative expenses' of £14,035,000.
- Rent expense included in 'Administrative expenses', relating to previous operating leases, decreased by £16,945,000.
- 'Finance costs' increased by £4,012,000 relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by £17,964,000 and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and prepayments and increases in principal and interest payments of lease liabilities.

16 Interest-bearing loans and borrowings

The Company's interest-bearing loans and borrowings are measured at amortised cost.

	2019 £000	2018 £000
Creditors falling within one year		
Bank loans secured against plant & machinery	861	-
Lease Liabilities	9,358	-
	10,219	-
Creditors falling due after more than one year		
Bank loans secured against plant & machinery	5,700	46
	55,058	-
	60,758	46

17 Employee benefits

The Company operates a defined benefit pension scheme that pays out pensions at retirement based on service and previous levels of pay. The Servisair Pension Scheme ("the scheme") is closed to new employees of the Company. The assets of the scheme are held in a trustee fund which required contribution to be made to a separately administered fund. An actuarial valuation of the Servisair Pension Scheme, using the projected unit basis, was carried out at 5 April 2016 by a qualified independent actuary and updated at 31 December 2019.

Notes (continued)**17 Employee benefits (continued)****Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

	2019 £000	2018 £000
<i>The amounts recognised in the statement of financial position are as follows:</i>		
Total defined benefit asset	135,110	114,889
Total defined benefit liability	(155,331)	(141,532)
Total employee benefits (see following table)	(20,221)	(26,643)

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Balance at 1 January	141,532	163,073	(114,889)	(122,479)	26,643	40,594
Included in profit or loss						
Current service cost	-	-	493	197	493	197
Past service cost	-	1,127	-	-	-	1,127
Interest cost/(income)	4,021	4,047	(3,318)	(3,073)	703	974
Settlements	(241)				(241)	
	3,780	5,174	(2,825)	(2,876)	955	2,298
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
Changes in demographic Assumptions	(1,416)	(9,206)			(1,416)	(9,206)
Change in financial assumptions	20,620	(9,501)	-	-	20,620	(9,501)
Experience adjustment	(1,693)	1,185	-	-	(1,693)	1,185
Return on plan assets excluding interest income	-	-	(19,537)	6,674	(19,537)	6,674
	17,511	(17,522)	(19,537)	6,674	(2,026)	(10,848)
Other						
Contributions paid by the employer	-	-	(5,351)	(5,401)	(5,351)	(5,401)
Benefits paid	(7,492)	(9,193)	7,492	9,193	-	-
	(7,492)	(9,193)	2,141	3,792	(5,351)	(5,401)
Balance at 31 December	155,331	141,532	(135,110)	(114,889)	20,221	26,643

Plan assets

	2019 £000	2018 £000
Cash and cash equivalents	8,107	1,149
Debt instruments - bonds	93,226	80,422
Real estate	12,160	12,638
Multi asset credit and diversified growth funds	21,617	20,680
Total	135,110	114,889

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Notes (continued)**17 Employee benefits (continued)****Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date:

	2019	2018
	%	%
Discount rate at 31 December	2.00	2.90
Future salary increases	-	-
Inflation assumption (RPI)	3.05	3.25
Future pension increases RPI up to 2.5% maximum each year	2.20	2.30
Future pension increases RPI up to 5% maximum each year	3.00	3.20
Future pension increases CPI up to 3% maximum each year	1.90	2.05

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.0 years (male), 22.9 years (female).
- Future retiree upon reaching 65: 22.4 years (male), 24.5 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by plus or minus %

	2019	2018
	£000	£000
Discount rate		
- Plus 0.50%	(13,600)	(16,000)
- Minus 0.50%	14,000	18,200
Life Expectancy		
- Plus 1 year	6,700	7,500
- Minus 1 year	(6,400)	(7,300)
Inflation (RPI, CPI)		
- Plus 0.5%	12,500	13,800
- Minus 0.5%	(11,000)	(12,800)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 5 April 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Company expects to pay £5,351,000 in contributions to its defined benefit plans in 2020. The weighted average duration of the defined benefit obligation at the end of the reporting period is 19 years (2018: 20 years).

Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £2,283,000 (2017: £1,613,000). Pension contributions unpaid at the year end were £680,000 (2018: £467,000).

18 Share capital

	2019	2018
	£'000	£'000
<i>Allotted and fully paid</i>		
27,010,000 (2018: 27,010,000) Ordinary Shares of £1 each	27,010	27,010

19 Other Reserve

The business and tangible fixed assets of Swissport Limited, a business under common control with the Company, were acquired on 1 January 2016. The company accounted for this transaction using book value accounting. The amount paid in excess of book value of the assets acquired, of £6,264,000, was taken to the other reserve.

Notes *(continued)***21 Capital Commitments**

During the year ended 31 December 2019, the Company entered into a contract to purchase vehicles, equipment, furniture and fittings for £9,332,000 (2018: £4,488,000). These commitments were settled during the following financial year.

22 Ultimate Parent Company

The company is a subsidiary of Swissport UK Holding Limited, incorporated in England and Wales.

The parent undertaking of the largest group undertaking for which group financial statements are drawn up and of which the company was a member at the balance sheet date, is HNA Group Co. Limited with its registered office at Haixiu Road, Haikou, Hainan Province, Peoples Republic of China.

On 21 December 2020, the shares in Swissport International Ltd, an intermediary parent holding company, were transferred from HNA Group Co. Limited to a group of established global financial investors. The lead investors are investment funds managed by affiliates of Strategic Value Partners, LLC, Apollo Global Management, Inc., TowerBrook Capital Partners, Ares Management, Cross Ocean Partners and King Street Capital Management, LP. As a result, Radar Topco SARL, a newly incorporated company in Luxembourg is now the ultimate parent company.

23 Post Balance Sheet Events**COVID-19 Pandemic**

In 2019 China had alerted the World Health Organisation of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Increasingly widespread global measures to contain the spread of COVID-19 (Coronavirus) have had a significant impact on the global economy including the aviation industry. Travel restrictions and reduced customer demand have affected both ground handling and cargo lines of business, however the biggest reductions have been passenger travel and the cargo sector has remained relatively active throughout periods of lockdown.

Change in Ownership

On 21 December 2020, the shares in Swissport International Ltd, an intermediary parent holding company, were transferred from HNA Group Co. Limited to a group of established global financial investors. The lead investors are investment funds managed by affiliates of Strategic Value Partners, LLC, Apollo Global Management, Inc., TowerBrook Capital Partners, Ares Management, Cross Ocean Partners and King Street Capital Management, LP. As a result, Radar Topco SARL, a newly incorporated company in Luxembourg is now the ultimate parent company.