

HEATHROW CARGO HANDLING LIMITED

Company registered number 03076274 (England and Wales)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED 29 SEPTEMBER
2020**

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HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 SEPTEMBER 2020

STRATEGIC REPORT

The Directors present their strategic report for the year ended 29 September 2020.

Principal Activities

The Company trades as a cargo handling agent at Heathrow Airport in the United Kingdom.

Business Review

Revenue for the year ended 31 December 2020 was £24.6m (2019: £20.0m), and profit before taxation for the year ended 31 December 2020 was £2.9m (2019: loss £0.4m).

The COVID -19 impact on the global aviation sector has been seismic. UK aviation itself was grounded not once but three times during 2020. Year-on-year revenue was flat due to cargo handling performing better during COVID-19 for personal protective equipments (PPE) supplies and other supply chain issues caused by COVID-19 to register an operating profit of £3.6m (2019 : loss £0.3m). The related parties Swissport Cargo Services & Swissport GB Limited supplies personnels to the Company and payroll costs have been recharged net off Coronavirus Job Retention Scheme (CJRS) grants received in related parties. The company received an income of £0.5m (2019: £nil) in COVID-19 surcharges. The income is shown as other operating income in the income statement. At 29 September 2020, the company had net current assets of £3.6m (2019: £0.5m).

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.

Key Performance Indicators (KPI's)

The key performance indicators for the company are revenue from contacts with customers and operating profit.

	2020	2019	% increase
Cargo tonnes *	148,220	130,371	13.7%
	£000	£000	
Revenue	24,607	20,000	23%
Operating Profit (loss) for the financial year	3,595	(330)	1,189.4%
EBITDA	4,778	123	3884.6%

Overall revenue increased by 23% from the prior year (2019: 10%), driven by the increase in cargo tonnes as a reverse impact of COVID-19, resulting in an operating profit of £3.6m for the year (2019:£0.3m loss). The prior year's losses were primarily due to the crystallisation of £2.3m costs incurred on the transfer out of the defined benefit pension scheme to Air France in May 2019. The pandemic stimulated cargo handling as many companies increased their air freight use due to congesting shipping ports, significantly slowing down the availability and timeliness of shipping cargo.

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 were cost effective.

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

External Risks

Airline Alliances changes

There are three main airline alliances in our areas of operation - One World, Sky Team and Star Alliance, and there is significant risk that airlines joining an alliance will use a partner's cargo handling services at hub locations. This risk is mitigated in part by the number of locations in which the business operates.

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.

External Risks

Customer Liquidity

The Company's primary customers are airlines for whom liquidity may be an issue, particularly during a downturn in demand when there is an increased risk of a significant customer seeking creditor protection. The Company mitigates the risk by chasing overdue debt regularly.

Economic activity

Impact on the worldwide aviation business from fluctuating fuel prices, turbulent global economic conditions, and the position of Heathrow in that market could influence the company's cargo business. While fluctuating fuel prices and the global economic situation are seen as challenging in the short to medium term for the industry, the continuing desire for all international carriers to fly to Heathrow as their key UK destination means competition for flight slots at the airport continues. It is felt that this high level of competition for flights slots will mitigate the impact of the challenges above.

Covid-19 Risks

The Covid-19 pandemic developed rapidly, and in March 2020, all United Kingdom airports were closed by a government mandate. The pandemic period provided a stimulus to cargo handling as many companies increased their use of air freight as a result of shipping ports becoming congested, significantly slowing down the availability and timeliness of shipping cargo. This trend has continued following the end of the pandemic.

Internal Risks

Health and Safety Breaches

Airside operations are inherently hazardous, and it is only through having operating procedures that in many cases exceed industry standards, aided by recurrent training and on-going internal audit that the Company is able to maintain reasonable levels of residual risk.

Aircraft damage

Although incidences are few, the Company strives to eradicate aircraft damage through a process of continuous improvement. Recurrent training is conducted with more rigour than industry standards dictate to minimise occurrences and most contracts with airlines include the standard IATA liability limits. For the rest, extensive insurance cover is available to mitigate the impact.

Inability to supply

Failure to deliver to contractual commitments is a risk. Ensuring continuous service delivery is critical. The following factors help to manage this risk:

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

HEATHROW CARGO HANDLING LIMITED

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STRATEGIC REPORT *(continued)*

Financial Risks

Price risk

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations. The Company manages its accounts receivables continuously. Significant internal resources are put into mitigating credit risk by closely monitoring its key customers, with some customers operating on a prepay basis or with limited credits. In the current climate, senior management is more closely involved in monitoring key customers to ensure accounts are kept up to date.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company aims to minimise liquidity risk by managing cash generated by its operations in line with group policies and has in place appropriate treasury management controls. As at 29 September 2020 the Company was in net current asset position of £3.6m (2019: £0.5m).

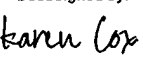
Interest rate risk

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.

Cyber risk

The company is at a greater risk of a cyber-attack given that it operates in a crucial infrastructure as was evidenced by the Groupwide Cyber-attack in February 2022 and the localised Cyber-attack in August 2023. The business continues proactively managing risks associated with data loss, GDPR non-compliance, and data control weaknesses. Failure to prevent a cyber-attack or data breach could negatively impact our customer and employee data, ground handling and cargo operations, financial reporting systems and stakeholder confidence. It could ultimately result in fines levied by the Information Commissioners Office (ICO). Swissport Implemented several enhanced security protocols to mitigate future attacks; this includes 2-factor authentication and regular communication from group IT on how to identify and avoid phishing scams. To further reinforce our data security, we are currently reviewing our IT structure, systems, and procedures to ensure that they are fit for purpose.

On behalf of the board

DocuSigned by:

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K Cox
Director

22 December 2023

Heathrow Cargo Handling Limited
Swissport House
Hampton Court
Manor Park
Runcorn
Cheshire
WA7 1TT

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

DIRECTOR'S REPORT

The Directors present their report and the financial statements for the period ended 29 September 2020.

Financial Instruments

The company's operations are funded through a combination of short leasehold property, finance leases for airport equipment, operating leases, share capital, loans received from other companies within its group (Swissport UK Holdings Limited, Swissport Limited and Swissport International Limited) and items arising from trading operations (trade debtors and trade creditors). The risks relating to financial instruments are described in the Strategic Report.

Proposed Dividend

There were no dividends paid or proposed in the year (2019: £3,800,000).

Directors

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

J Gaskell	(Resigned 26 February 2021)
B Kay	(Resigned 17 July 2020)
J Holt	(Resigned 29 June 2020)
L Mc Elroy	(Appointed 29 June 2020, resigned 20 August 2021)
N Kaddouri	(Appointed 1 August 2019, resigned 11 January 2022)
J Winstanley	(Appointed 1 March 2021, resigned 21 April 2023)
S Harrop	(Appointed 11 January 2022)
K Cox	(Appointed 21 April 2023)

Company Secretary

LDC Nominee Secretary Ltd (Appointed 1 February 2021)

Employees

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.

Arrangements exist whereby the Company's representatives may meet regularly with employees' representatives who are able to enquire of matters of concern to them as employees and may express their views on matters likely to affect their interests. Such meetings also enable the Company to seek to make employees aware of the financial and economic factors affecting the performance of relevant areas of the Company. The Company does not operate an employee share scheme.

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 for a period to 31 December 2024.

The COVID-19 crisis has significantly impacted the financial performance of all organisations in the industry, including the Group, most noticeably during the most severe restrictions on movement and international travel, which were in 2020 and early 2021. Globally, many markets have re-opened, and current activity levels are rebounding. Recent industry analysis gives a more stable view of expected activity levels over the going concern assessment period to 31 December 2024. In their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport Group.

The Directors know that inflation and the cost-of-living will likely have a residual impact 2024 as markets adjust. The budget and plan assumed an inflation rate of 5% in 2024. The Group has no external funding; therefore, the current interest rate increase does not adversely impact the Group's finances.

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DIRECTOR'S REPORT (continued)

Going Concern (continued)

The Board has considered the forecasts, downside sensitivities, reverse stress test, and the cash resources available to the Group. It has determined that the actions it has taken and measures the Group have available in the future, should they be required, are sufficient to mitigate the uncertainty. General staff attrition levels and contract details allow the Group to manage its labour costs where necessary. Lease expenditure can be reduced, and experience gained during the pandemic has also shown that non-labour station overheads can be reduced when necessary.

Taking this into account and to assess the Group's ability to remain a going concern, management has modelled both a base case scenario and a severe but plausible downside scenario through to 31 December 2024. The downside scenario assumes a reduction in passenger revenue from the base case of 10%. Under the severe but plausible downside scenario management have assumed a cash outflow in November 2024 relating to settlement of several potential claims in Swissport GB Limited. During 2023 under the base case scenario the forecast cash balance ranges from a low of negative £7.7m, which will be remediated by the Groups cash pooling arrangement and a high of £21.0m, with a 31 December 2024 closing balance of £18.5m. Under both the base case scenario and the severe but plausible scenario, the Group would require financial support from its parent entity.

The Directors assessed what level that revenue would need to fall to that would render the going concern assumption invalid, even with parental support. This reverse stress test was run at a 62% reduction in revenue; however, it is assumed staff can be made redundant and other further cost savings made in this severe downside scenario to mitigate the impact. The Directors, therefore, consider this a remote and implausible scenario.

Given the need for parental support under both the base case and severe but plausible scenarios, the Directors have obtained from Group their written confirmation that they will not seek repayment of intercompany loans (amounting to £205m at the balance sheet date) and that they will provide financial support to the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities through to 31 January 2025 up to a maximum aggregate amount of £40m. The directors have acknowledged the letter of support and are satisfied with its contents, noting that it goes beyond the going concern period.

The Directors have considered the availability of that support from Group holding companies during adverse circumstances, also taking into account that Group completed a refinancing in September 2022 in which the Group was subsequently made a cross-guarantor. They have reviewed the base and severe but plausible downside forecast Group cash flows over the assessment period and concluded that Group would indeed be able to provide the funding support. In coming to this conclusion, the Directors considered the Group's historical forecasting accuracy, the assumptions underpinning the forecast, and the amounts and timings of the cashflows, particularly noting the availability of cash balances and undrawn facilities.

As a result of the above review and analysis, the Group continues to adopt the going concern basis in preparing its financial statements.

Political Contributions

The Company made no political donations or incurred any political expenditure during the period (2019: £nil).

Future Events

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.

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DIRECTOR'S REPORT (continued)

Future Events (continued)

Due to the importance of a Heathrow International Airport as a cargo during and since the pandemic, the company has not experienced the same downturn as other operators in the aviation sector and COVID-19 is not considered to be a significant ongoing risk to the business.

War in Ukraine

End of February 2022, Russia invaded Ukraine. Economic sanctions were imposed against Russia and Belarus, targeting exchanges in specific economic sectors. While the Russian invasion of Ukraine affected oil prices and increased air ticket prices, there has yet to be evidence of a reduced desire to travel. As of approving these financial statements, the outstanding receivables with Russian and Belarussian carriers were immaterial to the Company. The total impact of the economic sanctions against Russia is not expected to be material in 2024.

Cyber Security Incident

On 3 February 2022, certain Swissport systems were affected by a cybersecurity incident impacting a European data centre in Germany managed by Swissport's third-party service provider and resulting in certain Swissport files being encrypted. When Swissport International AG learned of the incident, it launched an investigation, notified law enforcement, and engaged cybersecurity experts to help assess the scope of the incident and take steps to mitigate the potential impact. At this time, the investigation is ongoing. The costs incurred by Swissport International AG related to the ransomware attack includes amongst others legal fees, consultant fees and costs related to the impact of system-related productivity in the operations.

On 10 August 2023, a legacy system server used by the Company and containing pre-1 January 2020 data was affected by a cybersecurity incident impacting a UK data centre in England managed by the Company's third-party service provider. As soon as the Company learned of the incident, it immediately communicated the users to prevent any unauthorised access to the database. The third-party provider has launched an investigation, notified law enforcement, and engaged cybersecurity experts to help assess the scope of the incident and take steps to mitigate the potential impact. The investigation is ongoing, and there is no impact on the Company for costs related to the effect of system-related productivity in the operations.

Refinancing

On 30 September 2022, Radar Topco S.à r. L., Swissport Group's holding company (or the "Company"), announces that Radar Bidco S.à r.l., a wholly owned subsidiary of the Company, has completed a new Term Loan offering in an aggregate principal amount of EUR 600m with maturity of September 2027. The Company has also entered into a new EUR 200m Super Senior Revolving Credit Facility / ancillary facility with maturity of March 2027. Heathrow Cargo Handling Limited will remain as a guarantor for the new arrangements.

Global Economy & Cost of Living Crisis

The recession forecast for the global economy, the cost-of-living crisis, and the increase in interest rates may reduce the demand for international travel and the passenger numbers going through United Kingdom airports but is unlikely to have a material impact on the company for 2024.

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
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DIRECTOR'S REPORT (continued)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

DocuSigned by:

782A078DCC284F0...
K Cox
Director

22 December 2023

Heathrow Cargo Handling Limited
Swissport House
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HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
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STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTOR'S REPORT AND THE FINANCE 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 International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

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 they have been prepared in accordance with International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").
- 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.

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW CARGO HANDLING LIMITED

Opinion

We have audited the financial statements of Heathrow Cargo Handling Limited for the year ended 29 September 2020 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, the Statement of Financial Position, the statement of changes in equity, the cashflow statement and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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

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

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW CARGO HANDLING LIMITED (continued)

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 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
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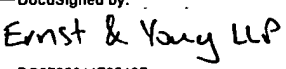
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW CARGO HANDLING LIMITED (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations, employment law and regulations, health and safety and GDPR.
- We understood how Heathrow Cargo Handling Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by assessing risk of fraud absent of controls, and then identifying controls which are in place at an entity level and whether the design of these controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statements level to prevent this, as well as incorporating data analytics in our audit approach.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of management and those charged with governance, reading of board minutes, and evaluating any matters of non compliance.

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.

DocuSigned by:

DC8725244F9540F...
Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Manchester

22 December 2023

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**STATEMENT OF PROFIT OR LOSS***For year ended 29 September 2020*

	<i>Note</i>	2020 £000	2019 £000
Revenue	2	24,607	20,001
Cost of sales		<u>(9,539)</u>	<u>(4,425)</u>
Gross Profit		15,068	15,576
Administrative expenses	3	(12,141)	(16,008)
Other operating income		<u>665</u>	<u>102</u>
Operating profit/(loss)		3,594	(330)
Interest receivable and similar income	5	-	17
Interest payable and similar charges	6	(647)	(124)
Profit/(loss) on ordinary activities before taxation		2,945	(437)
Tax on profit/(loss) on ordinary activities	7	(48)	(256)
Profit/(loss) for the financial period		2,897	(693)

All results derive from continuing operations.

The notes on pages 17 to 37 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**STATEMENT OF OTHER COMPREHENSIVE INCOME***For year ended 29 September 2020*

	<i>Note</i>	2020 £000	2019 £000
Profit/(Loss) for the financial period		2,897	(693)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax on actuarial gains/losses	7	-	242
Other comprehensive income for the period, net of income tax		-	242
Distributions to owners		-	(3,800)
Total comprehensive income/(expenses) for the period		2,897	(4,251)

All results derive from continuing operations.

The notes on pages 17 to 37 form part of these financial statements.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**STATEMENT OF FINANCIAL POSITION***As at 29 September 2020*

	Notes	2020 £000	2019 £000	2018 £000
Non-current assets				
Property, plant and equipment	8	745	1,412	1,210
Right of use assets	14	9,215	-	-
Defined benefit pension scheme asset	16	-	-	1,423
		<u>9,960</u>	<u>1,412</u>	<u>2,633</u>
Current assets				
Trade and other receivables	9	13,934	8,822	3,910
Cash and cash equivalents		5	-	4,263
		<u>13,939</u>	<u>8,822</u>	<u>8,173</u>
Total assets		<u><u>23,899</u></u>	<u><u>10,234</u></u>	<u><u>10,806</u></u>
Non-current liabilities				
Deferred tax liability	10	-	-	264
Loans and borrowings	12	8,890	305	258
Provisions	13	142	-	-
		<u>9,032</u>	<u>305</u>	<u>522</u>
Current liabilities				
Trade and other payables	11	9,658	8,023	4,311
Loans and borrowings	12	673	267	83
		<u>10,331</u>	<u>8,290</u>	<u>4,394</u>
Total liabilities		<u><u>19,363</u></u>	<u><u>8,595</u></u>	<u><u>4,916</u></u>
Equity				
Share capital	18	800	800	800
Retained earnings		3,736	839	5,090
Total Equity		<u><u>4,536</u></u>	<u><u>1,639</u></u>	<u><u>5,890</u></u>
Total Liabilities & Equity		<u><u>23,899</u></u>	<u><u>10,234</u></u>	<u><u>10,806</u></u>

These financial statements were approved by the board of directors on 22 December 2023 and were signed on its behalf by:

DocuSigned by:

 782A078DCC284F0...
K Cox
 Director

Company registered number: 03076274

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**STATEMENT OF CHANGES IN EQUITY***For the year ended 29 September 2020*

	Called up share capital	Retained earnings	Total Equity
	£000	£000	£000
Balance at 1 October 2018	800	5,090	5,890
Profit for the year	-	(693)	(693)
Other comprehensive income		242	242
Total comprehensive income for the period	-	(451)	(451)
Total contributions by and distributions to owners		(3,800)	(3,800)
Balance at 29 September 2019	800	839	1,639
Profit for the year	-	2,897	2,897
Total comprehensive income for the period	-	2,897	2,897
Balance as at 29 September 2020	800	3,736	4,536

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**STATEMENT OF CASH FLOWS***For year ended 29 September 2020*

	<i>Note</i>	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		2,970	(693)
<i>Adjustments for:</i>			
Depreciation of tangible fixed assets	8	197	453
Depreciation of right-of-use assets	14	988	-
Taxation	7	(24)	256
IFRS 16 lease liability interest	6	562	96
Interest payable on loans and borrowings	6	85	28
Interest receivable on loans and borrowings	5	-	(17)
Provisions	13	142	-
Remeasurement of defined benefit pension schemes	16	-	1,423
		4,920	1,546
(Increase)/Decrease in trade and other receivables	9	(4,323)	(4,912)
Increase in trade and other payables	11	794	3,712
Interest paid	6	(648)	124
Tax paid in the year	7	-	(2,293)
Net cash from operating activities		743	(1,823)
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	-	(655)
Interest received		-	17
Net cash from investing activities		-	(638)
Cash flows from financing activities			
Issue/Repayments of loans and borrowings - leases	14	(640)	-
Dividends paid to joint ventures owners	-	-	(1,900)
Net cash from financing activities		(640)	(1,900)
Net increase/(decrease) in cash and cash equivalents		103	(4,361)
Cash and cash equivalents at 30 September		(98)	4,263
Cash/(Overdrafts) and equivalents at 29 September		5	(98)

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Heathrow Cargo Handling Limited (the “Company”) is a private company incorporated, domiciled and registered in the UK.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 (“Adopted IFRSs”).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

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.

1.2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). For all periods up to and including the year ended 29 September 2019, the Company prepared its financial statements in accordance with United Kingdom Accounting Standards including FRS 102. These financial statements for the year ended 29 September 2020 are the first the Company has prepared in accordance with IFRS, in order to align the basis or preparation with the Group headed by Swissport UK Holding Limited. Refer to 1.16 below and Note 14 for information on how the Company adopted IFRS.

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 for a period to 31 December 2024.

The COVID-19 crisis has significantly impacted the financial performance of all organisations in the industry, including the Group, most noticeably during the most severe restrictions on movement and international travel, which were in 2020 and early 2021. Globally, many markets have re-opened, and current activity levels are rebounding. Recent industry analysis gives a more stable view of expected activity levels over the going concern assessment period to 31 December 2024. In their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport Group.

The Directors know that inflation and the cost-of-living crisis will continue throughout 2023 and will likely have a residual impact 2024 as markets adjust. The budget and plan assumed an inflation rate of 10% in 2023 and 5% in 2024. The Group has no external funding; therefore, the current interest rate increase does not adversely impact the Group’s finances. The Board has considered the forecasts, downside sensitivities, reverse stress test, and the cash resources available to the Group. It has determined that the actions it has taken and measures the Group have available in the future, should they be required, are sufficient to mitigate the uncertainty. General staff attrition levels and contract details allow the Group to manage its labour costs where necessary. Lease expenditure can be reduced, and experience gained during the pandemic has also shown that non-labour station overheads can be reduced by 10% when necessary.

Taking this into account and to assess the Group’s ability to remain a going concern, management has modelled both a base case scenario and a severe but plausible downside scenario through to 31 December 2024. The downside scenario assumes a reduction in passenger revenue from the base case of 10%. Under the severe but plausible downside scenario management have assumed a cash outflow in November 2024 relating to settlement of several potential claims (refer note 28). During 2023 under the base case scenario the forecast cash balance ranges from a low of £ (7.2) m, which will be remediated by the Groups cash pooling arrangement and a high of £18.5m, with a 31 December 2024 closing balance of £18.5m. Under both the base case scenario and the severe but plausible scenario, the Group would require financial support from its parent entity.

The Directors assessed what level that revenue would need to fall to that would render the going concern assumption invalid, even with parental support. This reverse stress test was run at a 62% reduction in revenue;

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.3 Going concern (continued)

however, it is assumed staff can be made redundant and other further cost savings made in this severe downside scenario to mitigate the impact. The Directors, therefore, consider this a remote and implausible scenario.

Given the need for parental support under both the base case and severe but plausible scenarios, the Directors have obtained from Group their written confirmation that they will not seek repayment of intercompany loans (amounting to £205m at the balance sheet date) and that they will provide financial support to the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities through to 31 January 2025 up to a maximum aggregate amount of £40m.

The Directors have considered the availability of that support from Group holding companies during adverse circumstances, also taking into account that Group completed a refinancing in September 2022 in which the Group was subsequently made a cross-guarantor. They have reviewed the base and severe but plausible downside forecast Group cash flows over the assessment period and concluded that Group would indeed be able to provide the funding support. In coming to this conclusion, the Directors considered the Group's historical forecasting accuracy, the assumptions underpinning the forecast, and the amounts and timings of the cashflows, particularly noting the availability of cash balances and undrawn facilities.

As a result of the above review and analysis, the Group 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 receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables 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 payables

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.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 Accounting policies (continued)****1.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease.

At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are accounted for as described below.

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 period 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

1.6 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:

- Land and Buildings 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.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 Accounting policies (continued)****1.6 Leases (continued)****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.

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.

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.10 Impairment excluding stocks and deferred tax assets (continued)

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.

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.

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 from contracts with customers

Revenue represents amounts derived from the provision of cargo handling services during the year, exclusive of trade discounts, rebates and value added tax. Under IFRS 15 revenue from contract with customers, revenue is recognised by applying the following five steps:

- Identify the contract(s) with customer
- Identify the performance obligations in the contract
- Determine the transactions price
- Allocate the transaction price to each performance obligation based on the relative standalone selling price of each distinct good or service promised in the contract

HEATHROW CARGO HANDLING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to customer

1 Accounting policies (continued)

1.13 Revenue from contracts with customers (continued)

The Company recognises revenue as the company satisfies performance obligation by providing promised services to the customers.

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.

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

1.16 First-time adoption of IFRS

These financial statements, for the year ended 29 September 2020, are the first the Company has prepared in accordance with International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 ("IFRS"). For periods up to and including the year ended 29 September 2019, the Company prepared its financial statements in accordance with United Kingdom Accounting Standards including FRS 102.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 29 September 2020, together with the comparative period data for the year ended 29 September 2019, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 30 September 2018, the Company's date of transition to IFRS. This note explains the principal adjustments made by the company in restating its local GAAP ("FRS102") financial statements, including the statement of financial position as at 30 September 2018 and the financial statements as of, and for, the year ended 29 September 2019.

Statement of cash flow

Under FRS 101 cash flow statement was not required. On transition to IFRS company has prepared a statement of cash flow for the current and comparative year.

Deferred tax asset

Under FRS 101, deferred tax asset was reported under current assets. The company has reclassified Deferred tax asset balances from current to non-current assets for comparative periods on the IFRS transition.

Provisions

For the IFRS transition company has elected to reclass part of trade payables balances to current and non-current provisions for comparatives years in line with IAS37.

Loans and borrowings

For the IFRS transition company has elected to reclass part of trade trade payables balances to current and non-current loan and borrowings for comparatives years in line with IFRS9.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 Accounting policies (continued)****1.17 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 14.

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.

1.18 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.

2 Revenue

	2020 £000	2019 £000
Cargo handling services	<u>24,607</u>	<u>20,001</u>

Revenue and profit before tax are attributable to the principal activity of the company which is the provision of cargo handling services for airlines operating from Heathrow Airport. Revenue arises solely in the UK.

3 Operating Profit

Operating loss is stated after charging/(crediting) the following:

	2020 £000	2019 £000
Depreciation of right-of-use assets	988	-
Depreciation of property, plant and equipment	197	453
Audit fee	30	28

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4 Directors' Remuneration, Staff numbers and costs**

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

	Number of employees	
	2020	2019
Operations	78	84
Administration	45	48
	<u>123</u>	<u>132</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	4,219	4,841
Social security costs	397	393
Contributions to defined contribution plans (note 15)	225	241
Expenses related to defined benefit plans (note 15)	-	2,223
Other operating income	665	102
	<u>5,506</u>	<u>7,800</u>

In addition to this, the company was charged a fee for an element of Swissport payroll costs relating to Heathrow Cargo Handling limited of £3,554,000 (2019: £3,802,000).

The directors of the company are also directors of the holding company and fellow UK subsidiaries. The directors received total remuneration for the year of £1,039,000 (2019: £840,000), all of which was paid by Swissport GB Limited, a company under common control. The aggregate amount of total remuneration paid to the highest paid director was £469,695 (2019: £380,010) and contribution to pension scheme for that director amounted to £24,063 (2019: £35,520). The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow UK subsidiary companies.

5 Other interest receivable and similar income

	2020	2019
	£000	£000
Bank interest	<u>-</u>	<u>17</u>

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6 Interest payable and similar charges**

	2020 £000	2019 £000
Interest on Intercompany loan with Swissport Group UK Limited	86	28
Interest payable on operating leases for right of use assets	562	-
Interest payable on finance leases	-	96
Total other interest payable and similar charges	<u>648</u>	<u>124</u>

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

	2020 £000	2019 £000
<i>UK corporation tax</i>		
Current tax on income for the period including group relief	191	264
Adjustments in respect of prior periods	(143)	13
Total current tax	<u>48</u>	<u>277</u>
<i>Deferred tax (note 10)</i>		
Origination and reversal of temporary differences	-	(6)
Adjustments in respect of prior periods	-	(17)
Total deferred tax	<u>-</u>	<u>(22)</u>
Tax on profit on ordinary activities	<u>48</u>	<u>255</u>

(b) Tax relating to items charged or credited to other comprehensive income**Deferred tax**

	2020 £000	2019 £000
Asset/(Provision) at start of Period	-	264
Property, plant and equipment	-	(22)
Employee benefits differences recognised in Other Comprehensive Income	-	(242)
Total deferred tax (debit)/credit	<u>-</u>	<u>(264)</u>
Asset at end of Period	<u>-</u>	<u>264</u>

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7 Taxation (continued)**

(c) Reconciliation of effective tax rate

	2020 £000	2019 £000
(Loss)/Profit for the period	2,897	(693)
Total tax (credit)/charge	48	256
Profit excluding taxation	2,945	(437)
Tax using the UK corporation tax rate of 19% (2018: 19%)	560	(83)
Fixed asset differences	40	(32)
Non-deductible expenses	(32)	4
Income not taxable for tax purposes	40	-
Amounts (charge)/credited directly to equity or otherwise transferred	-	45
Group relief Claimed	(428)	-
Under / (over) provided in prior years	(143)	(3)
Effect of change in tax rate on opening/closing deferred tax liability	-	35
Deferred Tax charged direct to equity	(5)	242
Movement in unprovided deferred tax	16	48
Total tax charge/(credit)	48	256

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 as 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. 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.

8 Property, Plant & Equipment

	Equipment, fixtures and fittings £000	Total £000
<i>Cost</i>		
Balance at 30 September 2018	7,308	7,308
Additions	655	655
Disposals	(18)	(18)
Balance at 29 September 2019	7,945	7,945
<i>Accumulated depreciation</i>		
Balance at 30 September 2018	6,098	6,098
Charge for the period	453	453
Disposals	(18)	(18)
Balance at 29 September 2019	6,533	6,533
<i>Net book value</i>		
Balance at 29 September 2019	1,412	1,412
Balance at 30 September 2018	1,210	1,210

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8 Property, Plant & Equipment (continued)**

	Equipment, fixtures and fittings £000	Total £000
<i>Cost</i>		
Balance at 29 September 2019	7,945	7,945
Disposals	(695)	(695)
Balance at 29 September 2020	7,250	7,250
<i>Accumulated depreciation</i>		
Balance at 29 September 2019	6,533	6,533
Charge for the period	197	197
Disposals	(225)	(225)
Balance at 29 September 2020	6,505	6,505
<i>Net book value</i>		
Balance at 29 September 2020	745	745
Balance at 29 September 2019	1,412	1,412

9 Trade and other receivables

	2020 £000	2019 £000	2018 £000
Trade debtors	3,461	2,691	2,359
Amounts owed by group undertakings	8,084	4,312	630
Other debtors	362	172	140
Prepayments and accrued income	2,027	1,647	781
	13,934	8,822	3,910

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. Amounts owed by Group Undertakings now includes £8,084,000 (2019: £4,312,000) in cash deposits administered by Swissport International Inc under a group cash pooling facility.

10 Deferred tax assets and liabilities

Details of deferred tax assets are as follows:

	Amounts recognised			Amounts not recognised		
	2020 £000	2019 £000	2018 £000	2020 £000	2019 £000	2018 £000
Tangible fixed assets	-	-	(35)	9	27	-
Employee benefits & other timing differences	-	-	(229)	23	21	-
	-	-	(264)	32	48	-

The deferred tax asset of £32,000 (2019: £48,000) has not been recognised due to uncertainty over future trading profits.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11 Trade and other payables**

	2020 £000	2019 £000	2018 £000
Trade payables	2,707	1,107	512
Amounts owed to Group undertakings	3,888	3,421	415
Accruals and deferred income	2,582	3,095	2,725
Other creditors	480	400	659
	<u>9,658</u>	<u>8,023</u>	<u>4,311</u>

12 Loans and borrowings

	Bank Overdraft 2020 £000	Lease Liability 2020 £000	Total 2020 £000	Bank Overdraft 2019 £000	Lease Liability 2019 £000	Total 2019 £000
Current	98	169	267	-	83	83
Non-current	-	305	305	-	258	258
As at start of financial year	98	474	572		341	341
Additions	-	10,203	10,203	98	183	281
Disposals	-	(474)	(474)	-	-	-
Accretion of Interest	-	562	562	-	96	96
Repayments	(98)	(1,202)	(1,300)	-	(146)	(146)
As at end of financial year	-	9,563	9,563	98	474	572
Current	-	673	673	98	169	267
Non-current	-	8,890	8,890	-	305	305

Intercompany loans accrue interest at 4.5% and are included in amounts owed to Group undertakings (note 11).

13 Provisions

Swissport management have considered the likelihood that a particular property will be exited in the foreseeable future, and our recent experience of how much we have actually paid out for dilapidation charges from landlords on properties that we have exited in prior months. The findings have been cross referenced against an assessment carried out by third-party surveyors.

An adjustment was now calculated based upon the remaining length of the lease on 29 September 2020. The accounting policy used was to apportion the provision over the life of the lease (straight line method) in line with IAS37 to calculate the required provision as of 29 September 2020.

	Dilapidations £000	Total £000
As at 30 September 2018 and 29 September 2019	-	-
Arising during the year	142	142
Utilised during the year	-	-
As at 29 September 2019	142	142
Current	-	-
Non-current	142	142

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14 Leases****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 29 September 2020. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 29 September 2020 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 29 September 2020:

- '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 and reclassified as right of use assets.
- 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):

	1 October 2020
Non-current Assets	£000
Right of Use Assets	10,203
Property, Plant and Equipment	(470)
	<u>9,733</u>
Total Assets	<u><u>9,733</u></u>
Equity	
Profit/(loss) for period	-
Liabilities	
Finance leases liabilities	(474)
IFRS16 lease liabilities	10,203
Accruals	4
	<u>9,733</u>
Total equity and liabilities	<u><u>9,733</u></u>

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 SEPTEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14 Leases (continued)**

The Company has lease contracts for leasehold properties and cargo airport equipment including forklift trucks, 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 year:

	Land and Buildings	Airport Equipment	Total
	£000	£000	£000
Cost			
As at 30 September 2019	-	-	-
Additions	9,817	385	10,203
As at 29 September 2020	9,817	385	10,203
Accumulated Depreciation			
As at 30 September 2019	-	-	-
Charge for Year	(807)	(181)	(988)
As at 29 September 2020	(807)	(181)	(988)
Net book value at 29 September 2020	9,010	204	9,215
Net book value at 30 September 2019	-	-	-

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

	2020 £000
Initial recognition at 29 September 2020	10,203
Accrued Interest	562
Payments	(1,202)
Balance at end of year	9,563
Current	673
Non-current	8,890

The following are the amounts recognised in profit or loss:

	2020 £000
Depreciation expense of right-of-use assets	988
Interest expense on lease liabilities	562
	1,550

The Company had total cash outflows for leases of £1,202,000 in 2020 (2019: £146,000 on finance leases).

The Company 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 Company's business needs. Management exercises 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.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
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The recoverable amount for the Heathrow Cargo facility cash generating unit (CGU) has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering five years. The discount rate used reflects the current market assessments of the time value of money and the risks specific to the asset. It reflects a market participant (rather than company actual) gearing structure, and the projected costs of finance over the forecast period. A pre-tax discount rate typically can not be directly observed or measured, therefore the cashflows were prepared on a post-tax basis by applying a post-tax discount rate. The value in use was then used to back-solve to the applicable pre-tax discount rate, via the pre-tax cash flows using a goal-seek approach. The estimated low post-tax WACC is 7.7% and the estimated high post-tax WACC is 9.0%. A mid-point WACC rate of 8.4% has been used.

Cash flows beyond the five years are extrapolated using a 2.0% growth rate, the same as the long-term average growth rate for the aviation industry. It was concluded that the value in use exceeds the carrying amount. As a result, assets have not been impaired. The review included total asset values of £745,000 owned assets and £9,214,510 right-of-use assets net book value measured as at 29 September 2020.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for stations is most sensitive to the following assumptions:

- Market conditions
- Discount rates

Market conditions

Management have considered the most likely overall aviation industry conditions when producing the budget figures. The pandemic period provided a stimulus to cargo handling as many companies increased their use of air freight as a result of shipping ports becoming congested, significantly slowing down the availability and timeliness of shipping cargo. It is becoming clear that the effects of the response to the pandemic are now past and cargo volumes are expected to grow over the projected period. An ongoing growth rate of 2% has been used for cash flow projections beyond the 5-year projected period. Changes to market conditions would typically impact on cargo volumes, a downside scenario has been considered where cargo volumes decrease by 20%. Under that scenario there is still no indication that an impairment is required.

Discount rates

The discount rate used reflects the current market assessments of the time value of money and the risks specific to the asset. It reflects a market participant (rather than company actual) gearing structure, and the projected costs of finance over the forecast period. A pre-tax discount rate typically can not be directly observed or measured, therefore the cashflows were prepared on a post-tax basis by applying a post-tax discount rate. The value in use was then used to back-solve to the applicable pre-tax discount rate, via the pre-tax cash flows using a goal-seek approach. The estimated low post-tax WACC is 7.7% and the estimated high post-tax WACC is 9.0%. It was decided to use a mid-point WACC rate of 8.4%.

There are no reasonably possible changes in the assumptions above that would result in an impairment requirement.

16 Employee benefits**Defined Contribution pension plan**

The Company no longer operates a pension scheme and all employees are now employed on Swissport contracts with an equivalent pension entitlement. Up until December 2019 the Company operated a defined contribution pension scheme administered by Friends Life. From January Swissport administered pension contributions on behalf of the Company. The expense relating to this plan were £225,000 (2019: £241,000) representing contributions payable for the period.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
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The Company previously participated in a defined benefit pension scheme administered by Air France. This was the pensions scheme for the Air France Group which provides benefits based on final pensionable pay.

All pension assets and liabilities were transferred to Air France when Swissport UK Limited acquired the Company in May 2019. The defined benefit net pension asset of £1,423,000 as at 30 September 2018 and a further £800,000 final contribution made in 2019 were recognised in the income statement.

Movements in net defined benefit liability

	Defined benefit obligation			Fair value of plan assets			Net defined benefit surplus		
	2020 £000	2019 £000	2018 £000	2020 £000	2019 £000	2018 £000	2020 £000	2019 £000	2018 £000
Balance at 1 October	-	(14,763)	(16,183)	-	16,186	15,900	-	1,423	(283)
Included in profit or loss									
Past service cost	-	-	(104)	-	-	-	-	-	(104)
Interest cost/(income)	-	-	(431)	-	-	425	-	-	(6)
Contributions paid by the members & employer	-	800	(11)	-	-	108	-	800	99
Remeasurement actuarial gain on plan assets included in OCI	-	-	1,518	-	-	201	-	-	1,719
Benefits paid	-	-	448	-	-	(448)	-	-	-
Transfer of scheme assets to Air France	-	13,963	-	-	(16,186)	-	-	(2,223)	(2,223)
Balance at end September 2020/2019/2018	-	-	(14,763)	-	-	16,186	-	-	1,423

17 Financial Instruments**17 (a) Fair values of financial instruments**

Set out below is comparison, by class, of the carrying amounts and fair values of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount 2020 £000	Fair Value 2020 £000	Carrying amount 2019 £000	Fair Value 2019 £000	Carrying amount 2018 £000	Fair Value 2018 £000
Loans and receivables						
Trade and other receivables (note 10)	5,060	5,060	4,510	4,510	3,280	3,280
Amounts due from group undertakings	8,084	8,084	4,312	4,312	630	630
Total loans and receivables	13,144	13,144	8,822	8,822	3,910	3,910
Total financial assets	13,144	13,144	8,822	8,822	3,910	3,910
Financial liabilities measured at amortised cost						
Trade and other payables (note 12 and 13)	(14,849)	(14,849)	(14,908)	(14,908)	(4,237)	(4,237)
Amounts owed to group undertakings (note 12)	(3,888)	(3,888)	(3,421)	(3,421)	(415)	(415)
Provisions (note 13)	(142)	(142)	-	-	-	-
Total financial liabilities	(18,880)	(18,880)	(18,328)	(18,328)	(4,652)	(4,652)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17 Financial Instruments (continued)**

Loans and borrowings are measured at fair value using a market weighted average cost of capital. The above does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Cash pooling is a term used to describe a global treasury function whereby UK bank accounts are placed on deposit at group level, so the cash equivalent in the UK is an intercompany payable or receivable with group. In the UK, cash is "pooled" in Swissport UK Holding Limited, the ultimate UK parent of Heathrow Cargo Handling Limited.

17 (b) Credit risk*Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was.

	2020 £000	2019 £000	2018 £000
Trade receivables	3,461	2,691	2,359
Other debtors & prepayments	2,389	1,819	921
Amounts due from subsidiary undertakings	8,084	4,312	630
Total	13,934	8,822	3,910

All trade receivables are based in the United Kingdom and are from the Airport management sector.

All assets are in sterling and there is no exposure to risk of currency rate fluctuations.

The aging of trade receivables at the Balance Sheet date was:

	Gross 2020 £000	Impairment 2020 £000	Net 2020 £000	Gross 2019 £000	Impairment 2019 £000	Net 2019 £000	Gross 2018 £000	Impairment 2018 £000	Net 2018 £000
Not past due	2,044	-	2,044	1,571	-	1,571	1,346	-	1,346
Past due 0-30 days	304	-	304	1,120	-	1,120	996	-	996
Past due 31-120 days	323	-	323	-	-	-	16	-	16
More than 120 days	50	(50)	-	-	-	-	1	-	1
	2,721	(50)	2,671	2,741	-	2,691	2,359	-	2,359

Provisions for expected credit loss have been calculated in accordance with IFRS9. Movements on total provisions were as follows:

	2020 £000	2019 £000	2018 £000
Provision for expected credit loss at start of financial year	-	-	-
Arising during the year	50	-	-
As at end of financial year	50	-	-

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Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

There are no significant concentrations of credit risk within the Company unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. The Company has established procedures to minimise the risk of default by trade debtors including detailed credit checks undertaken before a customer is accepted.

The following are the contractual maturities of financial liabilities excluding the effect of netting agreements:

		2020				
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5 years and over £000
Non-derivative financial liabilities						
Trade & other creditors & accruals	5,286	5,286	5,286	-	-	-
Amounts owed to group undertakings	3,888	3,888	3,888	-	-	-
Lease Liabilities	9,564	12,941	1,197	1,077	3,380	7,287
Provisions	142	142	-	-	-	142
Total	18,880	22,257	10,371	1,077	3,380	7,429

		2019				
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5 years and over £000
Non-derivative financial liabilities						
Trade & other creditors & accruals	4,695	4,695	4,695	-	-	-
Amounts owed to group undertakings	3,421	3,421	3,421	-	-	-
Lease liabilities	474	689	193	193	303	-
Total	8,590	8,805	8,309	193	303	-

		2018				
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5 years and over £000
Non-derivative financial liabilities						
Trade & other creditors & accruals	3,896	3,896	3,896	-	-	-
Amounts owed to group undertakings	415	415	415	-	-	-
Lease liabilities	341	483	193	193	97	-
Total	4,652	4,794	4,504	193	97	-

17 (d) Market risk*Financial risk management*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments

The Company's assets and liabilities are all in sterling and therefore it has minimal exposure to foreign currency risk.

HEATHROW CARGO HANDLING LIMITEDANNUAL REPORT AND FINANCIAL STATEMENTS
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	2020 £'000	2019 £'000	2018 £'000
<i>Allotted, called up and fully paid</i>			
40,000 Ordinary Class A Shares of £1 each	400	400	400
40,000 Ordinary Class B Shares of £1 each	400	400	400
	800	800	800

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The 'A' and 'B' shares have equal rights and rank equally on any winding up.

	2020 £000	2019 £000
<i>The following dividends were recognised during the period</i>		
Nil (2019: £47.50) per qualifying share	-	3,800

19 Related Parties

During the period the company provided/received services to/from related parties:

	Sales To		Purchases From	
	2020	2019	2020	2019
Compagnie Nationale Air France*	-	1,147	-	797
KLM Royal Dutch Airlines*	-	883	-	-
Martinair Holland NV*	-	93	-	-
Swissport Cargo Services Limited	-	-	3,534	5,910
Swissport GB Limited	5,093	7,921	9,101	11,216
	5,093	10,042	12,635	17,923

* Compagnie Nationale Air France, KLM Royal Dutch Airlines Martinair Holland NV were related parties until May 2019, after which they are no longer associated with the Company following its acquisition by Swissport. From June 2019 onwards, sales to and purchases from these entities have been reclassified as normal revenue and cost of sales.

Balances due to/from related parties

	Debtors outstanding			Creditors outstanding		
	2020	2019	2018	2020	2019	2018
Compagnie Nationale Air France*	-	-	-	-	-	76
KLM Royal Dutch Airlines*	-	-	29	-	-	60
Martinair Holland NV*	-	-	1	-	-	-
Swissport Cargo Services Limited	-	-	600	367	258	279
Swissport GB Limited	634	-	-	1,501	1,234	-
Swissport Interenational AG	6	-	-	6	-	-
Swissport Group UK Ltd	-	-	-	2,014	1,929	-
Swissport UK Holding Ltd	7,444	4,312	-	-	-	-
	8,084	4,312	630	3,888	3,421	415

* Balances due to Compagnie Nationale Air France and KLM Royal Dutch Airlines as at 29 September 2019 and 29 September 2020 have been reclassified as trade payables.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Ultimate parent company and parent company of larger group

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

The Company's ultimate parent undertaking was Radar Topco SARL at the year end, and the company's results were included in its consolidated financial statements. The Company's intermediate parent undertaking was Swissport UK Holdings Limited at the year end, and the Company's results were included in its consolidated financial statements. The consolidated financial statements of Swissport UK Holdings Limited for 31 December 2020 are prepared under International Financial Reporting Standards and are available to the public and may be obtained from Swissport UK Holdings Limited, Swissport House, Hampton Court, Manor Park, Runcorn, Cheshire, WA7 1TT, United Kingdom.

21 Accounting estimates and judgements

The preparation of financial statements required the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are:

Leases

Estimating the incremental borrowing rate IFRS 16.26 The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

22 Subsequent Events

War in Ukraine

End of February 2022, Russia invaded Ukraine. Economic sanctions were imposed against Russia and Belarus, targeting exchanges in specific economic sectors. While the Russian invasion of Ukraine affected oil prices and increased air ticket prices, there has yet to be evidence of a reduced desire to travel. As of approving these financial statements, the outstanding receivables with Russian and Belarussian carriers were immaterial to the Company. The total impact of the economic sanctions against Russia is not expected to be material in 2024.

Cyber security incident

On 3 February 2022, certain Swissport systems were affected by a cybersecurity incident impacting a European data centre in Germany managed by Swissport's third-party service provider and resulting in certain Swissport files being encrypted. When Swissport International AG learned of the incident, it launched an investigation, notified law enforcement, and engaged cybersecurity experts to help assess the scope of the incident and take steps to mitigate the potential impact. At this time, the investigation is ongoing. The costs incurred by Swissport International AG related to the ransomware attack includes amongst others legal fees, consultant fees and costs related to the impact of system-related productivity in the operations.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Subsequent Events (continued)

Refinancing

On 30 September 2022, Radar Topco S.à r. L., Swissport Group's holding company (or the "Company"), announces that Radar Bidco S.à r.l., a wholly owned subsidiary of the Company, has completed a new Term Loan offering in an aggregate principal amount of EUR 600m with maturity of September 2027. The Company has also entered into a new EUR 200m Super Senior Revolving Credit Facility / ancillary facility with maturity of March 2027. Heathrow Cargo Handling Limited will remain as a guarantor for the new arrangements.

Global economy & cost of living crisis

The recession forecast for the global economy, the cost-of-living crisis, and the increase in interest rates may reduce the demand for international travel and the passenger numbers going through United Kingdom airports but is unlikely to have a material impact on the company for 2024.