

Company registration number 07466896 (England and Wales)

SWISSPORT UK HOLDING LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



SWISSPORT UK HOLDING LIMITED

COMPANY INFORMATION

Directors	S Harrop K Cox	(Appointed 11 January 2022) (Appointed 21 April 2023)
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Company number	07466896
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Registered office	Swissport House Hampton Court Manor Park Runcorn Cheshire United Kingdom WA7 1TT
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Auditor	Ernst & Young LLP Edward Pavilion Royal Albert Dock Liverpool L3 4AF
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SWISSPORT UK HOLDING LIMITED

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SWISSPORT UK HOLDING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021 for Swissport UK Holding Limited (the "Company") and its subsidiaries (together the "Group").

Principal activities

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

Review of the business

Revenue for the year ended 31 December 2021 was £145.0m (2020: £153.9m), and loss before taxation for the year ended 31 December 2021 was £3.8m (2020: £97.5m).

The COVID-19 impact on the global aviation sector has been seismic. UK aviation itself was grounded not once but three times during 2020 and for the first four months of 2021. The aviation sector started trading again in the second half of the year, with a fast climb back from a standstill with the official travel ban ending in May 2021. Year-on-year revenue fell by 6% to register an operating profit of £9.5m (2020: £76.2m operating loss). The prior year included redundancy, restructuring costs and fixed asset impairments which were incurred as a result of the outbreak of the COVID-19 Pandemic which are not repeated in 2021. The Group received an income of £19.7m (2020: £52.8m) in the Coronavirus Job Retention Scheme (CJRS) grant from the UK government and £4.5m from the Airport and Ground Operators Support Scheme (AGOSS). The income is shown as other operating income in the income statement.

Key performance indicators

KPI's applicable to the Group are:	2021	2020	increase/ (decrease) vs PY
	£000	£000	%
Revenue	144,975	153,930	(6%)
Operating profit/(loss) for the financial year	9,489	(76,724)	113%
EBITDA	22,207	(57,212)	139%

Revenue consists of aeronautical income generated from cargo handling, ground handling and other services provided to various airports throughout the United Kingdom. Revenue was down by 6% compared to the previous year due to the direct impact of Covid-19.

Operating profit was £9.5 million (2020: £76.7 million loss) and EBITDA of £22.2 million (2020: £57.2 million loss) for the financial year. The operating profit and EBITDA includes Coronavirus Job Retention Scheme (CJRS) income of £19.7 million (2020: £52.8 million), the severance and redundancy costs of £1.9 million (2020: £19.9 million), and impairment of owned & right-of-use assets of £Nil (2020: £16.5 million).

SWISSPORT UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

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

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

External Risks

Competition

The Group 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 Group spends considerable resources on continuously improving productivity and unit labour costs and planning and rostering systems in particular are regularly being improved. The Group periodically refreshes its fleet of ground handling equipment which increases operating costs. The Group is the third-party ground handling and cargo handling market leader in the UK and a member of the global market leader.

Customer Liquidity

The Group'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 major customer seeking creditor protection. A strong culture of credit control within the Group ensures that this exposure is limited.

Economic activity

Demand for airline related services is driven primarily by economic activity, which tends to be adversely affected by global factors such as terrorism, war, and oil prices. The Covid pandemic, war in Ukraine and the cost-of-living crisis resulted in severe restrictions on air-travel and has had a major impact on economic activity. As we enter 2024 there is a risk the economy will enter a recession which could introduce further downward pressure. As the bulk of costs are labour related, maintaining an element of temporary staffing allows a significant degree of flexibility to allow for such occurrences.

Covid-19 Risks

The COVID-19 pandemic developed rapidly, and in March 2020, all United Kingdom airports were closed by a government mandate. Travel reopened in June 2021, and revenue, 2022 and 2023 have continued to improve since that time as travel restrictions have lifted following the worldwide rollout of vaccination and testing programs. Trading is expected to strengthen further as the aviation industry returns to normal.

SWISSPORT UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Cyber risk

The Group 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. 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 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. Periodic Cyber Awareness training has been implemented and system improvements have been introduced to assist our people to identify suspicious communications.

Internal Risks

Health and Safety

Airside operations may be hazardous if not properly managed. Strong operating procedures, recurrent training and on-going internal health and safety audits enable the Company to manage this risk. Despite this the Directors acknowledge that given the nature of operations it is not possible to remove all risk and while incidents do occur there is a risk of regulatory fines

Accidental damage

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

Failure to deliver

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

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

Financial Risks

Price risk

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

Credit risk

Credit risk is managed carefully, with some customers operating on a prepay basis or with limited credit. The Directors review outstanding debt weekly and issue a collection strategy. Additional steps may be taken to further reduce credit risk, when necessary, including securing bank and parental company guarantees from a number of customers.

Liquidity risk

The Group aims to minimise liquidity risk by managing cash generated by its operations in line with group policies and is improving its treasury management controls. The Group also benefits from the support of its penultimate parent company, Swissport International AG, including covering any temporary negative net current liability position. As at 31 December 2021 the Group was in net current liability position of £219.1m (2020: £212.3m).

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.

SWISSPORT UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172(1) Statement

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

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

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

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

Stakeholders

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

Customers

Swissport delivers high-quality airport ground and air cargo handling services, ranging from single passenger, ramp, and cargo handling services to full hub outsourcing solutions. Customer and stakeholder relations are critical factors for our success.

Employees

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

Shareholders

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

Suppliers

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

Engaging with the Environment

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

Engaging with the Community

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

SWISSPORT UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



S Harrop
Director

31 January 2024

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 16.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Harrop	(Appointed 11 January 2022)
K Cox	(Appointed 21 April 2023)
N Kaddouri	(Resigned 11 January 2022)
L McElroy	(Resigned 20 August 2021)
J Winstanley	(Appointed 20 August 2021 and resigned 21 April 2023)

Financial instruments

The Group's financial instruments comprise share capital, leases, loans received from other companies within its group (Swissport International Limited and Aguila Bid AG). The Group does not have any derivative financial instruments. Financial instrument risks are described in the Strategic Report.

Research and development

The Group does not undertake any research and development (2020: Nil).

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Post reporting date 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. The total impact of the economic sanctions against Russia is not expected to be material to the Group.

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 Group for 2024 as the general trend forecast by the industry is for continued growth.

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. The investigation is complete and it has been confirmed that none of the Group's data has been compromised. 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 Group and containing pre 1 January 2020 data was affected by a cybersecurity incident impacting a UK data centre in England managed by the Group's third-party service provider. As soon as the Group learned of the incident, it immediately communicated to 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. The breach was limited to historic financial data with no adverse impact to 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. Swissport GB Limited and Heathrow Cargo Handling Limited will remain as a guarantor for the new arrangements.

Employer liability

The following non-adjusting events occurred after the balance sheet date.

During January 2022 there was an incident where a Swissport employee performing work at an airport was involved in a collision which resulted in injury. Swissport have received expert advice on the range of possible costs associated with this incident, with the maximum amount being £1.5m.

During February 2023 there was an incident where a Swissport employee performing work at an airport was involved in a collision which resulted in injury. Swissport have received expert advice on the range of possible costs associated with this incident, with the maximum amount being £1.5m.

In line with the requirements of IAS 37 no provision for the costs associated with these incidents has been made at 31 December 2021 due to the time of their occurrence after the balance sheet date.

Issue of share capital

On 5 October 2023 Swissport UK Holding Limited issued a further 2 shares for consideration of £151,396,498 settled by capitalisation of amounts owed to its immediate parent undertaking.

On 5 October 2023 Swissport Group UK Limited issued a further 1 shares for consideration of £32,659,102 settled by capitalisation of amounts owed to its immediate parent undertaking.

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

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

Energy and carbon report

The Group has gathered data regarding scope one and scope two carbon emissions (as defined by the GHG Protocol) for the financial year spanning 1st January 2021 to 31st December 2021 from its UK operations for inclusion in Company Reporting (2020) as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation. The combined scope one and scope two carbon emissions for the period was recorded at 4,015 tCO₂e (2020: 7,608). The intensity rate for the period is calculated at 31.638 tCO₂e per £m of revenue from the Group operations. A detailed breakdown of our energy consumption by scope is included within our return.

	2021 kWh	2020 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	17,263,992	22,832,689
	2021 metric tonnes	2020 metric tonnes
<i>Emissions of CO₂ equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	1,999.00	2,746.00
- Fuel consumed for owned transport	889.00	2,733.00
	2,888.00	5,479.00
Scope 2 - indirect emissions		
- Electricity purchased	1,219.00	2,129.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	-	-
Total gross emissions	4,107.00	7,608.00
<i>Intensity ratio</i>		
Tonnes CO ₂ e per employee	1.080	49.50

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Quantification and reporting methodology

All data has been collated from financial sources and converted using the assumptions detailed below into the common measure of kWh with a conversion to Carbon Emissions using conversion factors sourced from UK Government Department for Business, Energy, and Industrial Strategy (BEIS)¹.

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

All assets included within the scope and boundary have a consistent use profile. To ensure consistency across the company an average unit rate for each fuel source was taken to calculate usage and converted into energy/carbon. Where invoicing was not available for any specific fuel the actual cost for the known periods have been estimated by extrapolating the actual.

During the period of reporting the Group has been significantly impacted by the global pandemic in that operations have been significantly reduced, as operations return to previous levels actions will be implemented to minimise our carbon impact.

Boundaries

The inclusion in this scope is:

Scope One

- Natural Gas (used for heating and hot water)
- Gas Oil (Red Diesel used for plant and machinery)
- Liquid Petroleum Gas (used for plant)
- Business transport emissions (owned and leased transport)

Scope Two

- Imported Electricity

All sources as defined as scope three are voluntary for reporting under SECR, are excluded from Swissport UK Holding Limited's reporting. The boundary for SECR reporting is where an asset or operation is under the financial control of Swissport UK Holding Limited.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 January 2025.

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 January 2025. 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 likely have a residual impact in 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 Company'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 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 January 2025. 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 December 2024 relating to settlement of several potential claims (refer note 28). During 2024 under the base case scenario the forecast cash balance ranges from a low of £(2.6)m, which will be remediated by the Group's cash pooling arrangement and a high of £25.6m, with a 31 January 2025 closing balance of £18.8m. 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 67% 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 Swissport International 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.

The Directors have considered the availability of that support from Swissport International 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.

SWISSPORT UK HOLDING LIMITED

GROUP DIRECTORS' REPORT (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

On behalf of the board



S Harrop
Director

31 January 2024

SWISSPORT UK HOLDING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards ("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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

SWISSPORT UK HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWISSPORT UK HOLDING LIMITED

Opinion

We have audited the financial statements of Swissport UK Holding Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 45, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 group 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 group and parent company's ability to continue as a going concern for a period to 31 January 2025.

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 group's ability to continue as a going concern.

SWISSPORT UK HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWISSPORT UK HOLDING LIMITED

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 12, 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 group's and the parent 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 group or the parent 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.

SWISSPORT UK HOLDING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWISSPORT UK HOLDING LIMITED

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

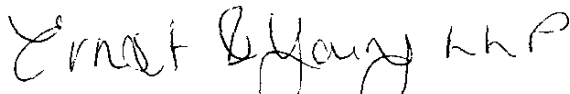
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not 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.

- 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 I, employment law and regulations, health and safety and GDPR.
- We understood how Swissport UK Holding 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 reading 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, correspondence with regulators and external specialists 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.



Elizabeth Jones (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP

31 January 2024

Chartered Accountants
Statutory Auditor
Liverpool

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Revenue from contracts with customers	4	144,975	153,930
Cost of sales		(116,133)	(184,405)
Gross profit/(loss)		28,842	(30,475)
Other operating income		24,361	52,777
Administrative expenses		(43,714)	(82,075)
Impairment of right of use assets		-	(9,235)
Impairment of property, plant & equipment		-	(7,277)
Operating profit/(loss)	5	9,489	(76,285)
Share of results of joint ventures		51	(439)
Finance income	9	1,017	377
Finance costs	10	(14,379)	(21,174)
Loss before taxation		(3,822)	(97,521)
Income tax income/(expense)	11	(666)	(5,914)
Loss for the year		(4,488)	(103,135)

Loss for the financial year is all attributable to the owners of the parent company and derive from continuing operations.

All results derive from continuing operations.

The notes on pages 22 to 70 form part of these group financial statements.

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £'000	2020 £'000
Loss for the year	<u>(4,488)</u>	<u>(103,435)</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit pension schemes	19,526	(12,962)
Deferred tax	<u>(1,701)</u>	<u>2,432</u>
Total items that will not be reclassified to profit or loss	<u>17,825</u>	<u>(10,530)</u>
Total comprehensive income/(loss) for the year	<u>13,337</u>	<u>(113,965)</u>

Total comprehensive income/(loss) for the year is all attributable to the owners of the parent company.

All results derive from continuing operations.

The notes on pages 22 to 70 form part of these group financial statements.

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Goodwill	13	4,064	4,064
Property, plant and equipment	14	15,302	19,596
Right-of-use assets	14	39,189	36,429
Investments in joint ventures	15	1,067	1,016
Other receivables	20	6,923	-
Deferred tax asset	28	3,387	6,666
Retirement benefit surplus	30	1,478	566
		<u>71,410</u>	<u>68,337</u>
Current assets			
Inventories	19	1,378	462
Trade and other receivables	20	50,694	42,811
Cash and cash equivalents		1,366	874
		<u>53,438</u>	<u>44,147</u>
Current liabilities			
Trade and other payables	26	44,362	48,426
Borrowings	22	213,407	188,953
Lease liabilities	27	10,319	11,318
Provisions	29	8,600	7,810
		<u>276,688</u>	<u>256,507</u>
Net current liabilities		<u>(223,250)</u>	<u>(212,360)</u>
Non-current liabilities			
Borrowings	22	122,616	127,493
Lease liabilities	27	41,449	37,805
Provisions	29	7,536	5,332
Retirement benefit obligations	30	8,059	30,184
		<u>179,660</u>	<u>200,814</u>
Net liabilities		<u>(331,500)</u>	<u>(344,837)</u>
Equity			
Called up share capital	31	100	100
Share premium account	32	24,754	24,754
Retained earnings		<u>(356,354)</u>	<u>(369,691)</u>
Total equity		<u>(331,500)</u>	<u>(344,837)</u>

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

All results derive from continuing operations.

The notes on pages 22 to 70 form part of these group financial statements.

The financial statements were approved by the board of directors and authorised for issue on 31 January 2024 and are signed on its behalf by:



S Harrop
Director

Company registration number 07466896 (England and Wales)

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	100	24,754	(255,726)	(230,872)
Year ended 31 December 2020:				
Loss for the year	-	-	(103,435)	(103,435)
Other comprehensive income:				
Actuarial gains on pensions scheme	-	-	(12,962)	(12,962)
Tax relating to other comprehensive income	-	-	2,432	2,432
Total comprehensive income	-	-	(113,965)	(113,965)
Balance at 31 December 2020	100	24,754	(369,691)	(344,837)
Year ended 31 December 2021:				
Loss for the year	-	-	(4,488)	(4,488)
Other comprehensive income:				
Actuarial gains on pensions scheme	-	-	19,526	19,526
Tax relating to other comprehensive income	-	-	(1,701)	(1,701)
Total comprehensive income	-	-	13,337	13,337
Balance at 31 December 2021	100	24,754	(356,354)	(331,500)

All results derive from continuing operations.

The notes on pages 22 to 70 form part of these group financial statements.

SWISSPORT UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	38	28,460	(14,866)
Interest paid		(9,956)	(11,834)
Net cash inflow/(outflow) from operating activities		18,504	(26,700)
Investing activities			
Purchase of property, plant and equipment		(642)	(2,093)
Proceeds from disposal of property, plant and equipment		252	-
Loans made to other entities		(3,887)	-
Interest income		17	377
Dividend income		1,000	-
Net cash used in investing activities		(3,260)	(1,716)
Financing activities			
Proceeds from borrowings		-	40,865
Repayment of borrowings		(1,183)	(861)
Payment of obligations under finance leases		(13,404)	(12,444)
Net cash (used in)/generated from financing activities		(14,587)	27,560
Net increase/(decrease) in cash and cash equivalents		657	(856)
Cash and cash equivalents at beginning of year		709	1,565
Cash and cash equivalents at end of year		1,366	709
Relating to:			
Bank balances and short term deposits		1,366	874
Bank overdrafts		-	(165)

All results derive from continuing operations.

The notes on pages 22 to 70 form part of these group financial statements.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

The consolidated financial statements of Swissport UK Holding Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 31 January 2024. Swissport UK Holding Limited (the Company) is a private Company incorporated, domiciled, and registered in the UK.

The group consists of Swissport UK Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

The consolidated financial statements of the Group and Company have been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Business combinations

a) Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Business combinations (continued)

b) Investment in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss in operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 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 January 2025.

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 January 2025. 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 likely have a residual impact in 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 Company'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 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 January 2025. 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 December 2024 relating to settlement of several potential claims (refer note 28). During 2024 under the base case scenario the forecast cash balance ranges from a low of £(2.6)m, which will be remediated by the Group's cash pooling arrangement and a high of £25.6m, with a 31 January 2025 closing balance of £18.8m. 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 67% 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 Swissport International 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.

The Directors have considered the availability of that support from Swissport International 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Revenue

Revenue from ramp, passenger, into-plane fuelling, and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Air cargo services revenue is recognised at the point of departure for exports and at the point that the goods are ready for despatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers. Airport lounge revenue is recognised on the date that the lounge visit takes place. If a lounge visit is booked in advance and not cancelled, and the passenger does not attend revenue is recognised on the scheduled booking date.

The timing of customer billing in relation to the satisfaction of performance obligations result in amounts being recorded in the Balance Sheet for accrued and deferred income. Individual billing arrangements vary by customer and contract. Accrued income is recognised on contracts for which performance obligations have been satisfied but have not yet been billed to customers at the Balance Sheet date. When the recovery of such amounts becomes unconditional the customer is billed and the amounts are transferred to trade receivables. Deferred income is recognised in respect of payments received from customers in advance of the Company fulfilling its performance obligations under contracts.

1.6 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.

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 property, plant and equipment. Estimated useful lives for some assets were revised at the start of the year to bring in line with Swissport International accounting policy. Land is not depreciated. The estimated useful lives are as follows:

Freehold land and buildings	10 years
Fixtures and fittings	4 years
Plant and equipment	4 to 10 years
Computers	4 years
Motor vehicles	4 to 10 years
Right-of-use assets	3 to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Non-current investments (continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

Interest-bearing borrowings

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

Investments in debt and equity securities

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

1.12 Impairment of financial assets

Financial assets (including trade and other receivables)

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group 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 Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Impairment of financial assets (continued)

Non-financial assets

The carrying amounts of the Group'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.

1.13 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

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

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

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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Provisions

A provision is recognised in the balance sheet when the Group 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.

1.16 Employee benefits

Short-term benefits

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

Termination benefits

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

1.17 Retirement benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.18 Leases

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

Company and Group as a lessee

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., 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:

- Property 3 to 15 years
- Motor vehicles and ground support equipment (GSE) 3 to 8 years
- Computers 3 to 5 years

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

ii) Lease liabilities

At the date the underlying asset is available for use the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 21).

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

The Group applies the low value asset exemption to leases of office equipment that are 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.18 Leases (continued)

IFRS 16 Leases Covid-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessee from assessing whether a rent concession related to COVID-19 lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payments occurs.

The practical expedient only applies to lessees' rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met;

- the change in lease payment results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022 and
- there is no substantive change to other terms and conditions of the lease.

Management have adopted the optional treatment practical expedient and have accounted for rent concessions in the same way as they would for variable lease payments in the period in which the event that triggered the reduced payment.

1.19 Grants

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received.

The grant is recognised as other operating income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant receivable as compensation for costs already incurred or for immediate financial support, with no further related costs, should be recognised as income in the period in which it is receivable. The grant must be recognised within income and must not be offset against expenditure (e.g. Payroll costs) in profit or loss.

For the monthly CJRS grant income, the income will be recognised in the period to which the underlying furloughed staff costs relate to. The payroll liability has been incurred by the entity, and it has therefore met the conditions to claim for that payroll accounting period.

1.20 Foreign exchange

Transactions in foreign currencies are translated to the Group'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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.21 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on that date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised standards and interpretations have been adopted by the group and have an effect on the current period or a prior period or may have an effect on future periods:

New, revised or amended standards and interpretations	Effective Date
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19*	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
* No significant impacts are expected on the financial statements.	

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

New, revised or amended standards and interpretations	Effective Date
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020*	1 January 2022
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies *	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates *	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current *	1 January 2023
IFRS 17 Insurance Contracts; including Amendments to IFRS 17 *	1 January 2023
* No significant impacts are expected on the financial statements.	

** The Company has provided guarantees to other Swissport Group companies. These amounts fall within the scope of IFRS 17 and upon adoption of the standard will be treated as insurance contracts. Management's assessment of whether adoption of IFRS 17 will have a significant impact on the Financial Statements currently ongoing.

New standards will be applied at the effective date.

3 Critical 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.

Management have determined that there are some key areas requiring the use of estimates and judgements which may significantly affect the financial statements.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

(Continued)

Key sources of estimation uncertainty

Impairment of cash generating units (CGUs)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

CGUs are determined as airport stations and split between separate cargo and ground handling CGU activities because this is how management monitors operations and makes decisions. The value-in-use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model, the expected future cash-inflows, and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are detailed further in note 12.

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 Group 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 Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter 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 Group 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).

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post employment, medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Employer liability

A provision has been recognised in respect of probable payments in respect of workplace injuries for compensation to employees and regulatory fines. The timing of when these costs would be incurred is uncertain due to variability in the time required for investigations and rulings. Assumptions on timings and amounts of costs are based on industry experts' opinions, past experience and guidance from external legal experts. The amounts provided for regulatory fines are at the top end of the range of potential costs for high culpability, harm category 2, as advised by external legal experts which provides a sentencing fine range from £0.3m to £1.5m, if an incident were assessed as harm category 1, the category above the fine range would be £1.5m to £6m. The estimate for the probable outflow of payments for compensation to employees has been based on an actuarial valuation prepared by 3rd party insurance actuaries and adopted by management. See note 28 for further detail.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

(Continued)

Deferred tax asset

A critical accounting estimate exists with reference to the assumptions contained within the profit forecasts supporting the DTA and the inherent uncertainty that exists when forecasting forward several years when determining the DTA recognition arising on losses and timing differences. At the balance sheet date the judgement applied in respect of DTA recognition relating to losses also considers recent utilisation and in particular where there has been no utilisation in recent periods.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4 Revenue

	2021 £'000	2020 £'000
Revenue analysed by class of business		
Airport passenger ground handling	69,913	87,776
Cargo handling	72,709	62,492
Airport lounges	2,353	3,662
	<u>144,975</u>	<u>153,930</u>

All revenue is derived from activities in the UK.

5 Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	22	-
Severance and redundancy pay	1,904	19,899
Coronavirus job retention scheme (CJRS)	(19,746)	(52,777)
Airport and Ground Operators Support Scheme (AGOSS)	(4,578)	-
Fees payable to the company's auditor for the audit of the company's financial statements	635	676
Depreciation of property, plant and equipment	4,701	6,995
Depreciation of right of use assets	9,136	11,820
(Profit)/loss on disposal of property, plant and equipment	(17)	543
Impairment of property, plant and equipment and ROU	-	16,512
	<u></u>	<u></u>

6 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14	31
Audit of the financial statements of the company's subsidiaries	621	645
	<u>635</u>	<u>676</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021 Number	2020 Number
Operations	3,638	6,529
Administration	164	312
Total	3,802	6,841

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	90,117	143,485
Social security costs	6,824	8,154
Pension costs	4,346	5,276
Severance & redundancy costs	1,904	19,899
Other Operating Income – Coronavirus Job Retention Scheme Grants	(19,746)	(52,777)
	83,445	124,037

8 Directors' remuneration

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 £662,648 (2020: £890,000), 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 £279,441 (2020: £469,695) and contribution to pension scheme for that director amounted to £13,481 (2020: £24,063). 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Finance and other income

	2021 £'000	2020 £'000
Finance income		
Bank deposits	10	10
Other interest income on financial assets	-	153
	<u>10</u>	<u>163</u>
Financial instruments not measured at amortised cost:		
Net interest on defined benefit asset	7	214
	<u>17</u>	<u>377</u>
Other income		
Dividend income from joint ventures	1,000	-
	<u>1,017</u>	<u>377</u>

10 Finance costs

	2021 £'000	2020 £'000
Interest on bank loans	268	536
Interest on lease liabilities	4,155	4,109
Net interest on net defined benefit liability	367	-
Other interest payable	9,589	16,529
	<u>14,379</u>	<u>21,174</u>

11 Income tax expense

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	(142)	89
Adjustments in respect of prior periods	(942)	288
Group relief receivable	171	(149)
	<u>(913)</u>	<u>228</u>
Deferred tax		
Origination and reversal of temporary differences	2,131	6,484
Changes in tax rates	(346)	(562)
Adjustment in respect of prior periods	(206)	(236)
	<u>1,579</u>	<u>5,686</u>
Total tax charge	<u>666</u>	<u>5,914</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £'000	2020 £'000
Loss before taxation	(3,822)	(97,521)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(726)	(18,529)
Effect of expenses not deductible in determining taxable profit	348	1,375
Income not taxable	(190)	-
Change in unrecognised deferred tax assets	41	-
Adjustment in respect of prior years	(942)	-
Effect of revaluations of investments	-	470
Effect of overseas tax rates	38	-
Deferred tax adjustments in respect of prior years	(206)	53
Fixed asset differences	(1,129)	595
Remeasurement of deferred tax for tax rates	(8,143)	(1,206)
Deferred tax not recognised	11,400	23,156
Amounts (charged)/credited directly to SORIE or otherwise transferred	175	-
Taxation charge for the year	666	5,914

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £'000	2020 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	1,701	(2,432)

The Group has an unrecognised deferred tax asset of £36,914,000 (2020: £30,147,000) in respect of losses and timing differences available to offset against future trading profits. 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.

Factors that may affect the future tax charge

The standard rate of UK corporate tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporate tax rate of 17% from 1 April 2020. Accordingly, these rates were applicable in the measurement of deferred tax assets and liabilities at 31 December 2021. 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £'000	2020 £'000
In respect of:		
Property, plant and equipment	-	16,512
Recognised in:		
Administrative expenses	-	16,512

Station CGU

The recoverable amount of each station 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. Station CGUs are split between cargo and ground handling activities. The projected cash flows have been updated to reflect decreased service demand. The pre-tax discount rate applied to cash flow projections is 10% and is derived from the companies weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the company. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. Cash flows are matched to the life of the assets or in the case of right of use assets the length of the lease within CGU. The growth rate used is consistent with the forecast of the same period, up to 5 years and then utilises the long-term aviation growth rate of 2.1% for annual increases beyond a 5 year period. The management concluded that the carrying amount did not exceed the value in use, and therefore, no impairment was required in the current financial year.

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:

- Growth rates (Passenger numbers / Expected cargo tonnage)
- Discount rates

Growth rates

The 2022 budget assumes that passenger volumes will recover to 90% of 2019 levels with a strong desire to return to air travel following the years during the pandemic when it was not possible. Passenger volumes are expected to recover to 2019 levels by 2024. A reduction in growth rates by 2% in each year would not result in an impairment.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The pre-tax discount rate applied to cash flow projections is 10.0% and is derived from the companies weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the company. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. A rise in the pre-tax discount rate of 3% would not result in an impairment.

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

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2020	4,064
At 31 December 2020	4,064
At 31 December 2021	4,064
Carrying amount	
At 31 December 2021	4,064
At 31 December 2020	4,064
At 31 December 2019	4,064

Goodwill impairment

The Goodwill was recognised when Heathrow Cargo Handling Limited (HCH) was acquired. The recoverable amount of the HCH 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 projected cash flows have been updated to reflect decreased service demand. The pre-tax discount rate applied to cash flow projections is 10.0% and is derived from the companies weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the company. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. 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 and therefore no impairment has been identified. Management have conducted several scenarios and note that cashflow forecasts would need to fall 60% before an impairment is identified.

14 Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Right-of-use assets £'000	Total £'000
Cost							
At 1 January 2020	2,096	28,298	20,452	6,581	46,373	89,992	193,792
Additions	-	575	1,256	165	97	13,454	15,547
Disposals	(583)	(1,442)	(3,729)	(666)	(2,284)	(38,645)	(47,349)
At 31 December 2020	1,513	27,431	17,979	6,080	44,186	64,801	161,990
Additions	-	89	500	53	-	12,387	13,029
Disposals	-	(102)	(147)	-	(518)	(5,168)	(5,935)
At 31 December 2021	1,513	27,418	18,332	6,133	43,668	72,020	169,084

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Property, plant and equipment

(Continued)

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Right-of-use assets £'000	Total £'000
Accumulated depreciation and impairment							
At 1 January 2020	1,651	18,099	12,837	5,284	33,454	14,781	86,106
Charge for the year	55	1,934	1,976	629	2,554	11,820	18,968
Impairment loss (profit or loss)	227	2,737	1,041	250	3,022	9,235	16,512
Eliminated on disposal	(1,000)	(1,689)	(2,202)	(694)	(2,572)	(7,464)	(15,621)
At 31 December 2020	933	21,081	13,652	5,469	36,458	28,372	105,965
Charge for the year	50	1,388	1,082	362	1,819	9,136	13,837
Eliminated on disposal	-	(71)	-	-	(461)	(4,677)	(5,209)
At 31 December 2021	983	22,398	14,734	5,831	37,816	32,831	114,593
Carrying amount							
At 31 December 2021	530	5,020	3,598	302	5,852	39,189	54,491
At 31 December 2020	580	6,350	4,327	611	7,728	36,429	56,025

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Property, plant and equipment

(Continued)

Property, plant and equipment includes right-of-use assets, as follows:

	Land and buildings £'000	Plant and equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Net carrying value at 1 January 2020	59,489	9,388	594	5,740	75,211
Additions	11,487	594	482	891	13,454
Disposals	(33,674)	(4,130)	(800)	(41)	(38,645)
Depreciation charge	(8,137)	(1,902)	(99)	(1,682)	(11,820)
Impairment charge less reversals	(6,135)	(1,816)	(92)	(1,192)	(9,235)
Depreciation eliminated on disposal	4,453	2,774	205	32	7,464
Net carrying value at 31 December 2020	27,483	4,908	290	3,748	36,429
Additions	12,365	-	-	22	12,387
Disposals	(4,005)	(89)	-	(1,074)	(5,168)
Depreciation charge	(7,474)	(942)	(72)	(648)	(9,136)
Depreciation eliminated on disposal	3,530	161	-	985	4,676
Net carrying value at 31 December 2021	31,899	4,038	218	3,033	39,188

More information on impairment movements in the year is given in note 12.

15 Investments

	Current		Non-current	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investments in joint ventures	-	-	1,067	1,016

Fair value of financial assets carried at amortised cost

Except as detailed below, the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

The directors carried out a review of investments in the year and established impairment indicators in four subsidiary undertakings. The directors undertook a fair value calculation of the investments with no adjustment to the carrying value (2021: nil). This new valuation reflects the net assets of the investments held at the year end.

On 25 June 2021 Swissport GB Ltd and its JV partner SwissportALD Limited for shares in a newly incorporated holding company, SwissportALD Holdings Limited introducing a holding company to facilitate the acquisition of the No 1 Lounges Limited Group of companies by the JV. This transaction did not alter the carrying value of the investment.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Indirect
Swissport GB Limited	England and Wales	Airport services	Ordinary	-	100.00
Swissport Limited	England and Wales	Non-trading	Ordinary	100.00	-
Swissport Stansted Limited	England and Wales	Aircraft handling agent	Ordinary	-	100.00
Swissport Fueling Limited	England and Wales	Aircraft refueller	Ordinary	-	100.00
Swissport Fuelling Services UK Limited	England and Wales	Aircraft refueller	Ordinary	-	100.00
Swissport Group UK Limited	England and Wales	Holding Company	Ordinary	100.00	-
Flightcare Multiservices UK Limited	England and Wales	Cleaning and catering	Ordinary	-	100.00
Swissport Holdings Limited	England and Wales	Holding Company	Ordinary	-	100.00
Servisair Holdings BV	The Netherlands	Holding Company	Ordinary	-	100.00
Servisair Denmark AS	Denmark	Airport services	Ordinary	-	100.00
Heathrow Cargo Handling Limited	England and Wales	Cargo handling agent	Ordinary	-	100.00
International Airline Handling (Dublin) Limited	Republic of Ireland	Dormant	Ordinary	-	100.00
Smart Handling BV	The Netherlands	Dormant	Ordinary	-	100.00
Shamrock Logistics Limited	England and Wales	Dormant	Ordinary	-	100.00
International Airway Handling (Cork) Limited	Republic of Ireland	Dormant	Ordinary	-	100.00
International Airway Handling (Shannon) Limited	Republic of Ireland	Dormant	Ordinary	-	100.00
Servisair Nominees Services Limited	Republic of Ireland	Dormant	Ordinary	-	100.00
Trading Spaces Limited	Republic of Ireland	Dormant	Ordinary	-	100.00
Swissport Cargo Services UK Limited	England and Wales	Non-trading	Ordinary	100.00	-
Swissport Pension Trustee Limited	England and Wales	Dormant	Ordinary	-	100.00

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Subsidiaries

(Continued)

Audit exemption

The subsidiary undertakings also consolidated at 31 December 2021, all of which were indirectly and wholly owned, unless otherwise stated, and claimed exemption from audit under section 479A Companies Act 2006, were as follows:

Incorporated	Company	Company number	Principal Activities
England & Wales	Swissport Limited **	03810974	Non-trading
England & Wales	Swissport Cargo Services UK Limited **	02719480	Non-trading
England & Wales	Swissport Group UK Limited **	00924991	Holding Company
England & Wales	Swissport Fuelling Limited	05282071	Aircraft refueller
England & Wales	Swissport Standsted Limited	04341296	Aircraft handling agent
England & Wales	Flightcare Multiservices UK Limited	00732832	Cleaning and catering
England & Wales	Swissport Fuelling Services UK Limited	07663369	Aircraft refueller
England & Wales	Heathrow Cargo Handling Limited	3076274	Cargo Handling Agent

** directly owned.

17 Joint ventures

Details of the group's joint ventures at 31 December 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Interest held	% Held Direct
SwissportALD Holdings Limited	England and Wales	Airport lounges	Ordinary	51.00
Bradford Swissport Limited	England and Wales	Cargo handling	Ordinary	50.00
SwissportALD Limited	England and Wales	Airport lounges	Ordinary	51.00
No 1 Lounges Ltd	England and Wales	Airport lounges	Ordinary	51.00
No 1 Lounges (LGW) Ltd	England and Wales	Airport lounges	Ordinary	51.00
No 1 Lounges (LHR) Ltd	England and Wales	Airport lounges	Ordinary	51.00
No 1 Lounges (BHX) Ltd	England and Wales	Airport lounges	Ordinary	51.00

18 Investment in joint ventures

On 25 June 2021 Swissport GB Ltd and its JV partner SwissportALD Limited for shares in a newly incorporated holding company, SwissportALD Holdings Limited introducing a holding company to facilitate the acquisition of the No 1 Lounges Limited Group of companies by the JV. This transaction did not alter the carrying value of the investment.

	Investment in Joint Ventures £'000
As at 1 January 2020	1,457
Share of net profit/(loss)	(439)
Dividends Received	-
As at 1 January 2021	1,018

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Investment in joint ventures	(Continued)
Share of net profit/(loss)	1,050
Dividends Received	(1,000)
As at 31 December 2021	1,068

Investment in joint ventures	2021 £'000	2020 £'000
Bradford Swissport Limited	1,068	1,043
SwissportALD Holdings Limited	-	N/A
SwissportALD Limited	N/A	(25)
	1,068	1,018

Swissport ALD Holdings Limited and SwissportALD Limited are loss making, the investment has been impaired down to £nil, and therefore we have not disclosed the financial information.

Summarised financial information on the joint venture of Bradford Swissport Limited, based on their IFRS financial statements, and a reconciliation with the carrying amount of the investment in joint ventures in the consolidated balance sheet, are set out below:

	2021 £'000	2020 £'000
Revenue	7,264	7,861
Cost of Sales	(4,991)	(6,712)
Gross Profit	2,273	1,149
Other Operating Income	904	1,774
Administrative Expenses	(730)	(837)
Net Profit before Tax	2,447	2,086
Taxation	(398)	(385)
Net Profit	2,049	1,701
Group's share	1,025	851
Non-current assets	54	6
Current Assets	5,080	4,946
Total Assets	5,134	4,952
Current Liabilities	(2,998)	(2,867)
Total Liabilities	(2,998)	(2,867)
Net Assets	2,136	2,085

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Investment in joint ventures

(Continued)

Group's Share of net assets	1,068	1,043
Carrying Amount of the investment in joint ventures	1,068	1,018

A list of all joint ventures is disclosed in Note 17.

No joint ventures had contingent liabilities or capital commitments at 31 December 2021 and 2020. The joint ventures cannot distribute their distributable reserves until they obtain consent from the joint venture partners.

19 Inventories

	2021 £'000	2020 £'000
Raw materials	1,378	462

Raw materials and consumables recognised as cost of sales in the year amounted to £1,466,465 (2020: £232,000). There were no write downs of inventories during the year (2020: £nil).

20 Trade and other receivables

	Current		Non-current	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	39,950	22,499	-	-
Provision for bad and doubtful debts	(8,065)	(6,420)	-	-
	31,885	16,079	-	-
Amounts owed by joint ventures	-	-	3,887	-
Amounts owed by related parties	10,364	10,081	-	-
Other debtors	6,916	7,313	-	-
Other receivables for government grant	-	2,088	3,036	-
Prepayments	1,529	7,250	-	-
	50,694	42,811	6,923	-

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Fair value of financial assets

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	Carrying value		Fair value	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables net of allowances	31,885	16,079	31,885	16,079
Other debtors	9,952	10,081	9,952	10,081
Prepayments	1,529	16,652	1,529	16,652
	<u>43,366</u>	<u>42,812</u>	<u>43,366</u>	<u>42,812</u>

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts

	2021 £'000	2020 £'000
Balance at 1 January 2021 and at 31 December 2021	<u>8,065</u>	<u>6,420</u>

22 Borrowings

	Current		Non-current	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Borrowings held at amortised cost:				
Bank overdrafts	-	165	-	-
Bank loans	960	908	3,826	4,791
Loans from parent undertaking	212,291	187,880	-	-
Loans from related parties	156	-	118,790	122,702
	<u>213,407</u>	<u>188,953</u>	<u>122,616</u>	<u>127,493</u>

	2021 £'000	2020 £'000
Secured borrowings included above:		
Bank overdrafts	-	158
Bank loans	4,786	5,701
	<u>4,786</u>	<u>5,859</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Borrowings

(Continued)

The loan from Aguila Bid GmbH, included within loans from related parties, is subject to a fixed interest rate of 8% per annum. The loan is currently on an interest-only repayment basis with no repayment date for the principal loan amount. On 5 October 2023 the Agila Bid loan was exchanged pound for pound with the Swissport AG Loan and from this date the loan is subject to fixed interest of 4.5% per annum with immediate payment terms.

The loan from Swissport International AG, included in loan from parent undertaking, is subject to a fixed interest rate of 4.5% per annum is repayable on demand. The Directors have obtained from Swissport International AG their written confirmation that they will not seek repayment of intercompany loan. On 5th October 2023 the Company issues a further 2 shares for consideration of £151,496,498 settled by capitalisation of the loans to Swissport International AG which included all loans which are subject to a fixed interest rate of 8% per annum.

Borrowings at 31 December 2021 represent six 7-year bank loans taken out in 2019 and secured against ground handling equipment. The original loan amounts totalled was £6,596,000 with interest of between 4.4% and 4.7%. The final tranche of borrowing is repayable by November 2026.

23 Financial instruments - Fair value of financial liabilities

Except as detailed below, the directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade and other payables	42,366	40,925	42,366	40,925
Amounts owed to subsidiary undertakings	1,996	7,502	1,996	7,502
Loans and borrowings	336,023	365,570	336,023	365,570
Provisions	16,136	13,141	16,136	13,141
Lease liabilities	51,768	49,123	51,768	49,123
	<u>448,289</u>	<u>476,261</u>	<u>448,289</u>	<u>476,261</u>

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.

24 Financial instruments - Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. Management make regular assessments on related party receivables, and there is no exposure to credit risk on related party debt.

All trade receivables are from the Airport management sector. All assets are in sterling.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Financial instruments - Credit risk

(Continued)

Except as detailed below, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

	Maximum credit risk	
	2021	2020
	£'000	£'000
Trade receivables	31,871	16,079
Amounts owed by related parties	10,364	10,081
Other receivables	7,509	9,393
Prepayments	1,529	7,258
Receivables due after more than one year	6,923	-

The group does not hold any collateral or other credit enhancements to cover this credit risk.

All trade receivables are from the Airport management sector. All assets are in sterling.

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

	Gross 2021 £'000	Impairment 2021 £'000	Net 2021 £'000	Gross 2020 £'000	Impairment 2020 £'000	Net 2020 £'000
Not past due	19,508	(248)	19,260	13,163	(4)	13,159
Past due 0-30 days	1,485	-	1,485	1,643	-	1,643
Past due 31-120 days	9,570	(216)	9,355	948	(119)	829
More than 120 days	9,373	(7,601)	1,771	6,744	(6,297)	447
	39,936	(8,065)	31,871	22,498	(6,420)	16,078

Significant customer receivables with impairments included in the above analysis are Flybe £2.7m, Thomas Cook £1.6m and Blue Air Aviation £1.1m.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Financial instruments - Liquidity risk

Financial risk management

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

There are no significant concentrations of credit risk within the Group unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. The Group 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:

	1 year or less	1 to <2years	2 to <5years	5 years and over	Contractual cashflow	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020						
Payables to Group						
Undertakings	7,502	-	-	-	7,502	7,502
Trade and other payables	40,925	-	-	-	40,925	40,925
Borrowings	70,911	2,158	29,954	278,331	381,354	316,258
Lease Liabilities	12,151	11,148	24,640	13,579	61,518	49,123
Provisions	7,809	-	-	5,332	13,141	13,141
	<u>139,298</u>	<u>13,306</u>	<u>54,594</u>	<u>297,242</u>	<u>504,440</u>	<u>426,949</u>
At 31 December 2021						
Payables to Group						
Undertakings	1,996	-	-	-	1,996	1,996
Trade and other payables	42,366	-	-	-	42,366	42,366
Borrowings	87,411	10,684	31,430	279,885	409,410	336,023
Lease Liabilities	12,267	12,136	28,023	21,719	74,145	51,768
Provisions	8,600	1,000	5,000	1,536	16,136	16,136
	<u>152,640</u>	<u>23,820</u>	<u>64,453</u>	<u>303,140</u>	<u>544,053</u>	<u>448,289</u>

Interest is being charged at 8% on loans from Aguila Bid GMBH and at 4.5% on loans from Swissport International AG. Interest on loans from Swissport AG is capitalised and falls due on the date of loan redemption.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	29,969	11,346
Amounts owed to related parties	1,996	7,502
Accruals	4,138	20,870
Other payables	8,259	8,708
	<u>44,362</u>	<u>48,426</u>

All amounts owed to group undertakings are unsecured.

27 Lease liabilities

	2021 £'000	2020 £'000
Maturity analysis		
Within one year	12,267	12,151
In two to five years	40,160	35,788
In over five years	21,719	13,579
	<u>74,146</u>	<u>61,518</u>
Total undiscounted liabilities	74,146	61,518
Future finance charges and other adjustments	(22,378)	(12,395)
	<u>51,768</u>	<u>49,123</u>
Lease discounting	51,768	49,123

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

The Company had total cash outflows for leases of £16.783,000 in 2021 (2020: £21.477,000).

	2021 £'000	2020 £'000
Current liabilities	10,319	11,318
Non-current liabilities	41,449	37,805
	<u>51,768</u>	<u>49,123</u>

	2021 £'000	2020 £'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	3,407	4,109
Depreciation of right-of-use assets	9,136	11,820
Variable lease payments	2,023	2,034
Short-term lease payments	1,463	641
Low-value lease payments	1,219	2,249

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Lease liabilities

(Continued)

Total amounts recognised in profit & loss	17,248	20,853
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The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. For each lease, Management has made an assessment as to whether it is reasonably certain to exercise the option and if so, has amended the lease term appropriately.

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 Group 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.

28 Deferred taxation

	2021 £'000	2020 £'000
Deferred tax liabilities	8	-
Deferred tax assets	(3,395)	(6,666)
	<u>(3,387)</u>	<u>(6,666)</u>
Deferred tax assets are expected to be recovered as follows:		
- Within one year	-	249
- After more than one year	<u>3,395</u>	<u>6,417</u>

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	ACAs £'000	Tax losses £'000	Retirement benefit obligations £'000	Total £'000
Asset at 1 January 2020	1,450	4,947	3,523	9,920
Deferred tax movements in prior year				
Charge/(credit) to profit or loss	(355)	(4,206)	(1,125)	(5,686)
Charge/(credit) to other comprehensive income	-	-	2,432	2,432
Asset at 1 January 2021	<u>1,095</u>	<u>741</u>	<u>4,830</u>	<u>6,666</u>
Deferred tax movements in current year				
Charge/(credit) to profit or loss	1,642	(741)	(2,705)	(1,804)
Charge/(credit) to other comprehensive income	-	-	(1,475)	(1,475)
Asset at 31 December 2021	<u>2,737</u>	<u>-</u>	<u>650</u>	<u>3,387</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Deferred taxation

(Continued)

Deferred tax on timing differences in respect of fixed assets have been recognised in full as they are expected to be utilised within 5 years. An impairment of the £690,000 deferred tax asset brought forward on losses has been recognised in full and deferred tax in respect of pension scheme timing differences of £1,932,000 have also been impaired in light of the recent trading performance and the element of uncertainty which still exists in the market regarding future trade. Trade is forecast to recover to 90 % of pre -COVID levels within 5 years of the year end. As the aviation industry recovers the company continues to reassess the potential recovery of temporary differences on an annual basis.

Unrecognised deferred tax of in respect of losses was £27,769,000 at the year end (2020: £23,517,000).

29 Provisions for liabilities

	2021 £'000	2020 £'000
Employer liability provision	13,043	9,150
Aviation liability provision	539	360
Dilapidation's provision	2,554	2,132
Contractual rebates	-	1,500
	<u>16,136</u>	<u>13,142</u>

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Current liabilities	8,600	7,810
Non-current liabilities	7,536	5,332
	<u>16,136</u>	<u>13,142</u>

Movements on provisions:	Employer liability provision £'000	Aviation liability provision £'000	Dilapidation's provision £'000	Contractual rebates £'000	Total £'000
At 1 January 2021	9,150	360	2,132	1,500	13,142
Additional provisions in the year	4,457	600	422	-	5,479
Utilisation of provision	(564)	(421)	-	(84)	(1,069)
Transfer to accruals	-	-	-	(1,416)	(1,416)
At 31 December 2021	<u>13,043</u>	<u>539</u>	<u>2,554</u>	<u>-</u>	<u>16,136</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Provisions for liabilities

(Continued)

Employer liability provision

The Company self-insures against losses that occur from employee claims for injury at work up to an excess amount of £1million per claim. Amounts above the excess are underwritten by the Company's external insurers. The level of provision required is determined through an annual external actuarial valuation which considers the incidents which have been reported in the period in addition to a provision for incidents which have been incurred but not reported which is calculated based on actuarial development curves. The actuary provides estimated ultimate losses based on a range of confidence intervals with a value range of £3.8m (10%) to £5.4m (90%) Management has selected the 90% confidence interval for the provision on 31 December 2021 (2020: 90%).

A provision has been recognised in respect of probable payments in respect of regulatory fines. The amounts provided for are at the top end of the range of potential costs for medium culpability as advised by external legal experts. The range specified by the regulator for medium culpability claims is £0.3m - £1.5m.

Aviation liability provision

A provision has been recognised in respect of probable payments in respect of aircraft damage incurred during the normal course of business. Assumptions on timings and amounts of costs are based on Swissport's international aviation insurance experts. The amounts provided for are amounts relating to actual ongoing aircraft damage incidents recorded at group level.

Contractual rebates provision

A provision has been recognised in respect of customer rebates which potential become due when contractual volume thresholds are exceeded. The timing of when these costs would be incurred is uncertain due to subjective nature of the commercial requirements to be met which would influence the likelihood of rebates being paid.

Dilapidation's provision

A provision has been recognised which is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, being the terminal costs of repairing or redecorating leased properties in accordance with lease obligations when returning property to the landlords. Management engaged with external property surveyors and internal legal experts to carry out an inspection of Swissport GB's property portfolio and estimate the probable settlement cost at the balance sheet date. In addition to the surveyors' report, the Swissport management team have also 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes		2021	2020
		£'000	£'000
Defined contribution schemes			
	Charge to profit or loss in respect of defined contribution schemes	3,404	4,619

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit scheme

The Company itself has no employees, but subsidiary of the Company does hold defined benefit pension schemes. Swissport GB Limited (formerly Servisair) and Swissport Cargo Services Limited operate defined benefit pension scheme that pays out pensions at retirement based on service and previous levels of pay. The schemes are closed to new employees of the Companies.

The assets of the schemes are held in a trustee fund which required contribution to be made to a separately administered fund. An actuarial valuation of the Pension Schemes, using the projected unit basis, was carried out on 5 April 2016 by a qualified independent actuary and updated at 31 December 2021.

Defined benefit scheme - Swissport GB Limited Defined Benefit Pension Scheme

Swissport GB Ltd operates a defined benefit pension scheme that pays out pensions at retirement based on service and previous levels of pay. The Servisair Pension Scheme ("the scheme") is closed to new employees.

The assets of the scheme are held in a trustee fund which required contribution to be made to a separately administered fund. An actuarial valuation of the Servisair Pension Scheme, using the projected unit basis, was carried out on 5 April 2016 by a qualified independent actuary and updated at 31 December 2021.

Defined benefit scheme - Swissport Cargo Services UK Limited Defined Benefit Pension Scheme

The Cargo Service Centre (UK) Limited Pension and Life Assurance Scheme is a final salary (defined benefit) scheme which was set up with effect from 1 October 2001. The scheme provides benefits based on final pensionable pay. 99 members joined the scheme during that year which was then immediately closed to new entrants.

The last full valuation was carried out as of 31 December 2021 by a qualified independent actuary. Liabilities have been calculated using a consistent projected unit valuation method and compared to the market value of the plan assets at 31 December 2021. In calculating the liabilities, the mortality tables used are consistent with prior year.

The information disclosed below is in respect of the whole of the plans for which the Swissport Cargo Services UK Limited is the sponsoring employer.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes

(Continued)

Funding policy

Swissport GB Limited expects to pay £1,100,000 in contributions to its defined benefit plans in 2022. Swissport Cargo Services UK Limited expects to pay £296,900 in contributions to its defined benefit plans in 2022. The weighted average duration of the defined benefit obligation at the end of the reporting period is 17 years (2020: 18 years).

Key assumptions

Discount rate

Inflation assumption (RPI)

Future Pension RPI up to 2.5% maximum each year

Future Pension RPI up to 5% maximum each year

	GB		SCS	
	2021	2020	2021	2020
	%	%	%	%
	1.80	1.30	1.80	1.30
	3.10	2.90	3.20	2.85
	2.20	2.10	2.20	2.10
	3.20	2.85	3.20	2.90

Mortality assumptions

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. Assumed life expectations on retirement at age 65:

Retiring today

- Males

- Females

Retiring in 20 years

- Males

- Females

	GB		SCS	
	2021	2020	2021	2020
	Years	Years	Years	Years
	20.60	20.7	20.60	20.70
	23.00	23.1	23.00	23.10
	21.80	22.1	21.80	22.10
	24.50	24.6	24.50	24.60

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

30 Retirement benefit schemes

The amounts included in the statement of financial position arising from the group's obligations in respect of defined benefit plans are as follows:

Movements in the present value of defined benefit obligations

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes

(Continued)

The defined benefit obligations arise from plans funded as follows:

Wholly unfunded obligations
Wholly or partly funded obligations

	Combined 2021 £'000	2020 £'000	GB 2021 £'000	2020 £'000	SCS 2021 £'000	2020 £'000
Wholly unfunded obligations	10,072	11,055	-	-	10,072	11,055
Wholly or partly funded obligations	158,566	177,655	158,566	177,655	-	-
	168,638	188,710	158,566	177,655	10,072	11,055

Movements in the fair value of plan assets:

At 1 January 2021
Interest income
Return on plan assets (excluding amounts included in net interest)
Benefits paid
Contributions by the employer
Other

	Combined 2021 £'000	2020 £'000	GB 2021 £'000	2020 £'000	SCS 2021 £'000	2020 £'000
At 1 January 2021	159,091	145,910	147,470	135,110	11,621	13,800
Interest income	2,040	12,654	1,891	2,675	149	214
Return on plan assets (excluding amounts included in net interest)	5,303	771	5,241	12,440	62	771
Benefits paid	(8,248)	(6,264)	(7,974)	(5,967)	(274)	(297)
Contributions by the employer	4,809	3,797	4,642	3,664	167	133
Other	(938)	2,223	(763)	(452)	(175)	-
At 31 December 2021	162,057	159,091	150,507	147,470	11,550	11,621

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes

(Continued)

Sensitivity of the defined benefit obligations to changes in assumptions

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

		GB		SCS	
		2021	2020	2021	2020
Discount rate plus 0.5%	- increase	(14,000)	(14,000)	(800)	(900)
	- decrease	15,800	15,800	900	1,000
Life expectancy plus 1 year	- increase	6,800	6,800	400	500
	- decrease	(5,700)	(5,700)	(300)	(400)
Inflation (RPI, CPI) plus 0.5%	- increase	11,300	11,300	500	(600)
	- decrease	(11,300)	(11,300)	(600)	600

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes	(Continued)					
	Combined		GB		SCS	
Defined benefit scheme	2021	2020	2021	2020	2021	2020
<i>Amounts recognised in the income statement</i>	£'000	£'000	£'000	£'000	£'000	£'000
Net interest on defined benefit liability/(asset)	360	359	367	372	(7)	(13)
Other gains and losses	938	452	763	452	175	-
Total costs	1,298	811	1,130	824	168	(13)

Of the total expenses for the year, £767,000 is included in cost of sales, £- in distribution costs, £175,000 in administration expenses, £7,000 in investment income and £367,000 in finance costs.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes	(Continued)					
	Combined		GB		SCS	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Amounts recognised in other comprehensive income</i>						
Actuarial changes arising from changes in demographic assumptions	(1,519)	(1,632)	(1,374)	(1,538)	(145)	(94)
Actuarial changes arising from changes in financial assumptions	(12,704)	28,399	(11,998)	26,956	(706)	1,443
Actuarial changes arising from experience adjustments	-	(594)	-	(174)	-	(420)
Actuarial changes related to plan assets	(5,303)	(13,211)	(5,241)	(12,440)	(62)	(771)
Total costs/(income)	(19,526)	12,962	(18,613)	12,804	(913)	158

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes

(Continued)

Defined benefit scheme - Swissport GB Limited Defined Benefit Pension Scheme

The fair value of plan assets at the reporting period end was as follows:

	Quoted 2021 £'000	Unquoted 2021 £'000	Quoted 2020 £'000	Unquoted 2020 £'000
Debt instruments	109,283	-	102,417	-
Property	14,431	-	11,774	-
Cash & cash equivalents	972	-	8,685	-
Multi asset credit and diversified growth fund	25,821	-	24,594	-
	<u>150,507</u>	<u>-</u>	<u>147,470</u>	<u>-</u>

Defined benefit scheme - Swissport Cargo Services UK Limited Defined Benefit Pension Scheme

The fair value of plan assets at the reporting period end was as follows:

	Quoted 2021 £'000	Unquoted 2021 £'000	Quoted 2020 £'000	Unquoted 2020 £'000
Equity instruments	1,296	-	1,348	-
Debt instruments	9,781	-	9,815	-
Property	-	-	-	-
Cash and cash equivalents	473	-	459	-
	<u>11,550</u>	<u>-</u>	<u>11,622</u>	<u>-</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30 Retirement benefit schemes

(Continued)

The expected value of Company contributions to be incurred in the next year is £5,741,000.

On 16 June 2023, in the case *Virgin Media v NTL Pension Trustees II Limited* (and others), the High Court ruled on the correct interpretation of historic legislation governing the amendment of contracted-out DB schemes. The court found that section 37 of PSA93 ("section 37") renders invalid and void any amendment to the scheme's rules which related to section 9(2B) rights, in so far as it was introduced without written actuarial confirmation that the scheme would continue to satisfy the relevant statutory standard after the amendment was made. The decision is relevant for schemes which were contracted-out on a DB basis from 6 April 1997. An appeal hearing on the High Court Ruling is set to be heard on 25 June 2024.

Management has discussed the ruling Trustees of the Servisair and Cargo sections of the Group's DB scheme ("Servisair" and "Cargo") and the Actuary who has acted continuously on the scheme since 6 April 1997. It was confirmed that Servisair is a contracted-out scheme and that amendments have been made which could impact section 9(2B) rights and that an initial investigation has confirmed that a section 37 certificate exists for the amendments discovered to date. It was confirmed that Cargo is not contracted out.

Management has obtained confirmation from the Trustees that appropriate Governance and Controls were in place throughout the period that any amendments were made, and that the trustees had appointed advisors, including as required by the Pensions Act.

Management's investigation into this matter is ongoing, the results of the legal appeal may have a material impact on the outcome of this matter and at the date of signing these accounts Management has been unable to conclude on whether the Section 37 ruling could have an impact on the Financial Position of the Company.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

31 Share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Ordinary share capital				
<i>Issued and fully paid</i>				
Ordinary shares of £1 each	100,001	100,001	100	100

The company issued 1 ordinary share on incorporation. On 17 February 2011 the company issued a further 100,000 shares, for consideration of £24,854,054 settled by capitalisation of amounts owed to its immediate parent undertaking.

32 Share premium account

	2021 £'000	2020 £'000
At the beginning and end of the year	24,754	24,754

33 Capital commitments

During the year ended 31 December 2021, the Group entered into no new contracts to purchase vehicles, equipment, furniture or fittings (2020: £nil).

34 Capital risk management

The group is not subject to any externally imposed capital requirements.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

35 Events after the reporting date

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. The investigation is complete and it has been confirmed that none of the Company's data has been compromised. 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.

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, the desire to travel remains strong. As at the date 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 to the company.

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. Swissport GB Ltd will remain as a guarantor for the new arrangements.

Employer liability

The following non-adjusting events occurred after the balance sheet date.

During 2022 there was an incident where a Swissport employee performing work at an airport was involved in a collision which resulted in injury. Swissport have received expert advice on the range of possible costs associated with this incident, with the maximum amount being £1.5m.

During 2023 there have been a total of two incidents where a Swissport employee performing work at an airport was involved in a collision which resulted in injury. Swissport have received expert advice on the range of possible costs associated with this incident, with the maximum amount being £1.5m per claim.

In line with the requirements of IAS 37 no provision for the costs associated with these incidents has been made at 31 December 2021 due to the time of their occurrence after the balance sheet date.

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 2023.

36 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

36 Related party transactions

(Continued)

Other transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Aguila Bid GmbH	-	-	-	9,773
SWISSPORT INTERNATIONAL AG	3,436	1,283	4,495	7,993
SPI Geneva	-	-	-	2
Swissport Group Services GmbH	-	1,699	-	3,298
Careport Schweiz AG	-	-	-	2
SWISSPORT KENYA LTD	-	-	110	71
SWISSPORT SOUTH AFRICA PTY LTD	-	-	-	3
S&L Airport Services Ltd	-	-	-	1
SWISSPORT FINLAND OY	-	2	-	-
Swissport Cargo Services Belgium NV	-	72	-	1
Swissport Cargo Services NL	42	71	-	2
SWISSPORT MOROCCO	-	-	-	19
BRADFORD SWISSPORT LTD	62	40	-	-
SWISSPORT BELGIUM NV	-	87	-	-
SWISSPORT CARGO SERVICES FRANCE	-	19	-	-
SWISSPORT AMSTERDAM BV	-	125	14	9
SWISSPORT IRELAND LTD	1,192	1,046	563	374
Swissport Denmark AS	-	-	-	1
Swissport ALD Ltd	-	772	-	332
Swissport Maroc SA	-	-	8	-
Swissport North America Inc	93	-	-	-
Swissport Financing Limited	-	33	-	-
	<u>4,825</u>	<u>5,249</u>	<u>5,190</u>	<u>21,881</u>

The following amounts were outstanding at the reporting end date:

	2021	2020
	£'000	£'000
Amounts due to related parties		
Swissport Group Services GmbH	1,930	5,456
Swissport International AG	208,213	188,929
Aguila Bid GmbH	122,213	122,702
Swissport Ireland Limited	12	53
Swissport International Holding Limited	-	909
Swissport Denmark AS	-	1
Swissport Kenya	-	8
Swissport Maroc SA	-	2
	<u>332,368</u>	<u>318,060</u>

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

36 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2021	2020
Amounts due from related parties	£'000	£'000
Swissport Group Services GmbH	582	2,277
Swissport International AG	5,028	2,542
Swissport Ireland Limited	3,066	3,257
Swissport International Holding Limited	-	1,150
Swissport Brasilia Ltda	23	23
Swissport Hand SA (Spain)	-	34
Swissport Cargo Services NV	(2)	44
Swissport Oman LLC	13	14
Swissport France Holding SarL	8	19
Bradford Swissport Ltd	593	49
SwissportALD Ltd	1,066	664
Swissport Financing SarL	8	8
Swissport Kenya	(16)	-
Swissport Maroc SA	(1)	-
Swissport Denmark AS	(1)	-
Swissport Canada Inc	(1)	-
	<u>10,366</u>	<u>10,081</u>

37 Controlling party

The Company is a subsidiary undertaking of Swissport International AG, incorporated in Switzerland.

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 consolidated financial statements of Swissport UK Holdings Limited for 31 December 2021 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.

SWISSPORT UK HOLDING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

38 Cash generated from/(absorbed by) operations

	2021 £'000	2020 £'000
Loss for the year before income tax	(3,822)	(97,521)
Adjustments for:		
Share of results of associates and joint ventures	(51)	439
Finance costs	14,379	21,174
Investment income	(1,017)	(377)
(Gain)/loss on disposal of property, plant and equipment	(17)	543
Depreciation and impairment of property, plant and equipment	13,837	35,480
Pension scheme non-cash movement	(3,511)	(2,987)
Increase in provisions	4,639	5,104
Movements in working capital:		
(Increase)/decrease in inventories	(916)	232
(Increase)/decrease in trade and other receivables	(12,564)	11,393
Increase in trade and other payables	17,503	11,654
Cash generated from/(absorbed by) operations	<u>28,460</u>	<u>(14,866)</u>

SWISSPORT UK HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments	42	81,669	81,669
Other receivables	43	109,229	94,537
		<u>190,898</u>	<u>176,206</u>
Current assets			
Trade and other receivables	43	-	895
Cash and cash equivalents		6	6
		<u>6</u>	<u>901</u>
Current liabilities			
Trade and other payables	46	44,896	41,052
Borrowings	44	179,570	157,353
		<u>224,466</u>	<u>198,405</u>
Net current liabilities		<u>(224,460)</u>	<u>(197,504)</u>
Non-current liabilities			
Borrowings	44	118,790	122,702
Net liabilities		<u>(152,352)</u>	<u>(144,000)</u>
Equity			
Called up share capital	47	100	100
Share premium account		24,754	24,754
Retained earnings		(177,206)	(168,854)
Total equity		<u>(152,352)</u>	<u>(144,000)</u>

All results derive from continuing operations.

The notes on pages 73 to 76 form part of these parent financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £8,351,966 (2020 - £14,902,603 loss).

The financial statements were approved by the board of directors and authorised for issue on 31/1/24 and are signed on its behalf by:



S Harrop
Director

Company registration number 07466896 (England and Wales)

SWISSPORT UK HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	100	24,754	(153,951)	(129,097)
Year ended 31 December 2020:				
Loss and total comprehensive income	-	-	(14,903)	(14,903)
Balance at 31 December 2020	100	24,754	(168,854)	(144,000)
Year ended 31 December 2021:				
Loss and total comprehensive income	-	-	(8,352)	(8,352)
Balance at 31 December 2021	100	24,754	(177,206)	(152,352)

All results derive from continuing operations.

The notes on pages 73 to 76 form part of these parent financial statements.

SWISSPORT UK HOLDINGS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

39 Accounting policies

Company information

Swissport UK Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Swissport House, Hampton Court, Manor Park, Runcorn, Cheshire, United Kingdom, WA7 1TT. The company's principal activities and nature of its operations are disclosed in the directors' report.

39.1 Accounting convention

The separate financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosures framework for a qualifying entity that would otherwise apply the recognition, measurement and disclosures requirements of UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Company is a qualifying entity for the purposes of FRS 101.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1. the requirements of IFRS 7 "Financial Instruments: Disclosures"
2. the requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement"
3. the requirement in paragraphs 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 and
 - (ii) paragraph 73(e) of IAS 16 "Property, Plant and Equipment"
4. the requirements of IAS 7 "Statement of Cash Flows"
5. the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
6. the requirements of paragraph 17 of IAS 24 "Related Party Disclosures"
7. the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The company applies accounting policies consistent with those applied by the group. To the extent that an accounting policy is relevant to both group and parent company financial statements, please refer to the group financial statements for disclosure of the relevant accounting policy.

SWISSPORT UK HOLDINGS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

39 Accounting policies

(Continued)

39.2 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 January 2025.

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 January 2025. 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 likely have a residual impact in 2024 as markets adjust. The budget and plan assumed an inflation rate of 5% in 2024. The Company has no external funding; therefore, the current interest rate increase does not adversely impact the Company's finances. The Board has considered the forecasts, downside sensitivities, reverse stress test, and the cash resources available to the Company. It has determined that the actions it has taken and measures the Company have available in the future, should they be required, are sufficient to mitigate the uncertainty. General staff attrition levels and contract details allow the Company 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 Company'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 January 2025. 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 December 2024 relating to settlement of several potential claims (refer note 28). During 2024 under the base case scenario the forecast cash balance ranges from a low of £(2.6)m, which will be remediated by the Company's cash pooling arrangement and a high of £25.6m, with a 31 January 2025 closing balance of £18.8m. Under both the base case scenario and the severe but plausible scenario, the Company 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 67% 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 Swissport International 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.

The Directors have considered the availability of that support from Swissport International during adverse circumstances, also taking into account that Company completed a refinancing in September 2022 in which the Company was subsequently made a cross-guarantor. They have reviewed the base and severe but plausible downside forecast Company cash flows over the assessment period and concluded that Company would indeed be able to provide the funding support. In coming to this conclusion, the Directors considered the Company'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 Company continues to adopt the going concern basis in preparing its financial statements.

SWISSPORT UK HOLDINGS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

40 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

A numbers of amendments and interpretations apply for the first time in 2021, 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.

41 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	-	-

42 Investments

	Current		Non-current	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investments in subsidiaries	-	-	81,669	81,669

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in note 16.

43 Trade and other receivables

	Current		Non-current	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts owed by related parties	-	-	109,229	94,537
Other receivables	-	895	-	-
	-	895	109,229	94,537

SWISSPORT UK HOLDINGS LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

44 Borrowings

	Current		Non-current	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Borrowings held at amortised cost:				
Loan payable to Swissport International AG	179,570	157,353	-	-
Loan payable to Aquila Bid GMBH	-	-	118,790	122,702

The loan from Aquila Bid GmbH is subject to a fixed interest rate of 8% per annum. The loan is currently on an interest-only repayment basis with no repayment date of December 2024 for the principal loan amount. On 5 October 2023 the Aquila Bid loan was exchanged pound for pound with the Swissport AG Loan and from this date the loan is subject to fixed interest of 4.5% per annum with immediate payment terms.

The loan from Swissport International AG is subject to a fixed interest rate of 4.5% per annum repayable as at 31 December 2021. On 5th October 2023 the Company issues a further 2 shares for consideration of £151,496,498 settled by capitalisation of the loans to Swissport International AG which included all loans which are subject to a fixed interest rate of 8% per annum.

45 Fair value of financial liabilities

Except as detailed below, the directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade and other payables	35	30	35	30
Amounts owed to subsidiary undertakings	44,861	41,021	44,861	41,021
Loans and borrowings	298,360	280,055	298,360	280,055
	<u>343,256</u>	<u>321,106</u>	<u>343,256</u>	<u>321,106</u>

46 Trade and other payables

	2021	2020
	£'000	£'000
Amounts owed to fellow group undertakings	44,861	41,021
Accruals	35	31
	<u>44,896</u>	<u>41,052</u>

47 Share capital

Refer to note 31 of the group financial statements.