

Signature Aviation Limited

Amended Annual Report for the year ending 31 December 2021

Registered number 00053688



Annual Report and Accounts 2021

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Company Information

Annual Report and Accounts 2021

Registered number

00053688

Registered office

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London
W1U 1QY

Auditors

Deloitte LLP
1 New Street Square
London
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United Kingdom

Read more about Signature Aviation

www.signatureflight.com/about

2021 in review

Continuing Group revenue

\$2,285.4m

2020: \$1,413.9m

Continuing Group net revenue pre IFRS 16¹

\$1,116.0m

2020: \$784.1m

Continuing Group underlying EBITDA pre IFRS 16¹

\$388.7m

2020: \$218.3m

Continuing Group underlying EBITDA margin pre IFRS 16¹

34.8%

2020: 27.8%

Continuing Group statutory profit before tax²

\$61.4m

2020: \$33.5m loss

Free cash flow¹

\$103.8m

2020: \$43.1m

¹ Defined and reconciled to reported financials under Alternative performance Measures (APMs). See note 28.

² The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

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Strategic Report

The Directors present their Strategic Report on a consolidated basis for the year ended 31 December 2021.

Principal activities

Signature Aviation Limited (SA) and its subsidiaries (the Group) is the largest global fixed-base operation (FBO) and distribution network for business, commercial and general aviation services. Signature offers a wide range of craft, crew and passenger amenities through a unique network of more than 350 FBO real estate and licensed or contracted locations throughout North and South America, Europe, Asia, Africa and the Caribbean. Through its EPIC Fuels subsidiary, Signature is also positioned as a leader in aviation fuel supply, logistics, transaction processing and self-service fuelling devices.

While fuel and hangar rentals comprise the core of our business, Signature offers a broad range of fuel and non-fuel related services, as follows:

- High quality, full-service flight support for business and general aviation (B&GA) travel, including fuelling, ground handling, passenger and pilot amenities and concierge services
- Commercial fuelling and handling
- Military fuelling
- De-icing
- Sports charters
- Hangar rentals for overnight parking and tenant aircraft
- Office rentals and advertising
- Technical support, line and heavy maintenance and inspection
- Fuel purchasing card and transaction processing
- Wholesale fuel distribution through EPIC

The Group's parent company is Signature Aviation Limited, incorporated in the United Kingdom and its registered address is 3rd Floor, 105 Wigmore Street, London, W1U 1QY. The ultimate parent company is Signature Aviation US Topco LLC, incorporated in the USA and its registered address is 200 Bellevue Parkway, Suite 210, Wilmington, New Castle County, Delaware 19809.

Competitive Advantages

Signature's competitive advantages outlined below position us as the number 1 global FBO network. Our market leading global network of FBO locations, together with our high-quality people, our skills and technical capabilities, and our relationships with customers and other partners, position us strongly to continue to lead progress in the B&GA industry, grow, and create value for all our stakeholders. On a forward-looking basis, strong free cash flow supports continued investment in the size and quality of the network, our people and the services that we offer.

- Largest international network of FBO locations
- Highly customer-relevant network
- Long-term, quality real estate assets; 13.2 million sq. ft. of hangar, terminal and office space under management in the US
- Average remaining lease life of around 18 years across Signature's global FBO portfolio
- Large scale infrastructure capable of handling high volume operations
- EPIC and Signature Select® FBO franchise and licensing models and QTPod self-serve technology
- Highly trained and engaged teams, empowered to deliver personalised customer experiences
- Management experience and expertise
- Strong relationships with key customers and airport partners
- Highly recognised and valued customer brands
- Technology base to support customer experience and capture market/customer knowledge
- Strong free cash flow to support investment activities and fuel procurement

Key Events in 2021

On 1 June 2021, Signature Aviation was acquired for \$4.7 billion by Brown Bidco Limited, a newly formed company jointly owned by Blackstone Infrastructure and Blackstone Core Equity, Global Infrastructure Partners and Cascade (the Consortium). Financing of the acquisition comprised a combination of equity and new debt facilities, and Signature incurred \$76.0 million of related transaction costs.

As part of Signature's continued optimisation efforts, the Engine Repair and Overhaul (ERO) business was disposed on 1 July 2021 for \$230 million, resulting in a loss of on disposal of \$35.4 million. The ERO business was presented as a Discontinued activity and made an operating profit of \$26.1 million for the period to disposal on 1 July 2021 (2020: \$48.8 million).

On 9 September 2021, Signature acquired the remaining 51% share in St Thomas Jet Centre (STT), giving the Group 100% ownership. The combined \$10.7 million purchase price for the remaining 51% shareholding and the fair value of \$10.1 million for the existing 49% shareholding equates to a fair value of the 100% entity of \$20.8 million. Signature remeasured its associate investment in STT to fair value at the date of change of control and recognised the fair value uplift of \$1.1 million gain in the profit/(loss) before tax.

On 30 November 2021, Signature purchased the Vail Valley Jet Center (VVJC) FBO at the Eagle County Regional Airport (EGE), for a total consideration of \$325 million. The Eagle County Regional Airport is located near many of North America's most popular ski resorts, including Vail, Beaver Creek, and Aspen. Vail Valley Jet Center's 48-acre leasehold includes a luxury FBO terminal, a 12,000-gallon self-serve avgas pump, and the recent addition of a de-icing facility. Furthermore, the Company will operate 10 hangars at the airport for a combined total of 260,000 sq. ft. of indoor aircraft storage with a further two hangars planned for completion by Q4 2022. The addition of the Vail Valley Jet Center to the Signature family of FBOs aligns with our global growth strategy, providing customers with exceptional service at both business and leisure destinations. The Vail, Colorado area has been popular among high-net-worth individuals, as evidenced by increased private air travel to resort destinations and the large-scale growth of business aviation movements in 2021.

Capital Structure Changes

Signature's operations are financed through a combination of retained profits, equity and borrowings. Borrowings are generally raised at the level of our US holding company and then lent to operating subsidiaries, as required. Signature maintains sufficient available committed borrowing facilities to meet its forecasted funding requirements.

As part of the financing for the Bidco acquisition, Signature's existing debt obligations and facilities were predominantly repaid and cancelled and replaced with new debt facilities and a new debt structure. Additional debt for the acquisition was also raised by Brown Group Holdings LLC, an entity formed for the purpose of the acquisition and which is outside of the Signature Aviation consolidated group.

The new acquisition debt facilities put in place are secured debt facilities which comprise a Term Loan B and a new multicurrency revolving credit facility. As at the acquisition date, the Term Loan B amount was \$1,685 million with Brown Group Holding LLC (an entity outside the Signature Aviation consolidated group) borrowing \$508.1 million and Signature Aviation US Holdings Inc borrowing \$1,176.9 million. The RCF facility amount is \$350 million and is in the name of Brown Group Holding LLC only.

The new Term Loan B debt was used to finance the part repayment of the \$650 million US senior notes due 2028, following a tender and consent process, and the full repayment of the \$500 million US senior notes due 2026. The remaining amount under the US senior notes due 2028 is \$113.8 million. The \$400 million multicurrency revolving credit facility due March 2025 which was in place prior to the acquisition was undrawn at the time of the acquisition and the facility has been cancelled.

The net proceeds from the completion of the sale of ERO were used to prepay part of the Term Loan B borrowings as stipulated in the credit agreement and there have also been small quarterly amortisation payments made during the year. Additionally, in order to finance the acquisition of Vail Valley Jet Center (VVJC), an additional Term Loan B borrowing of \$330 million was entered into as an incremental borrowing amendment under the existing Term Loan B financing. As at the 31 December 2021, the Group had \$1,394 million of Term Loan B borrowings outstanding.

Following the acquisition, Signature Flight Support LLC repaid in full its loan of \$23.7 million, which it had received from the US Treasury Department under the CARES Act (Section 4003 'Lending to Air Carriers and Businesses Critical to National Security').

The debt facilities are secured through a first priority security interest in equity and assets of certain subsidiaries. The Term Loan B does not have any financial covenants whilst the RCF (in the name of Brown Group Holding LLC) contains a springing first lien net leverage covenant of 8.50x which is tested when 40% of the RCF is drawn. The RCF was undrawn throughout the year. The RCF facility includes a sub-limit for the issuance of letters of credit (LC) and as at 31 December 2021 a LC for \$4.9 million had been issued under this facility which therefore reduces the RCF headroom available. The remaining amount under the US senior notes do not contain any financial covenants.

Business Review

Market Drivers

The B&GA market covers thousands of aircraft, large and small, outside the commercial and military fleets. Private and business travellers use B&GA aircraft as a productivity, efficiency and leisure tool, particularly in North America where there are significant distances between large conurbations and a lack of efficient alternative travel options. During the COVID-19 pandemic, safety concerns have also contributed to increased use of B&GA aircraft for some purposes. Historically more than 40% of business aircraft journeys were flown to towns in the USA with little or no reasonable transport alternative/airline service and, given the impact of the pandemic on commercial airlines and schedules, we anticipate this figure is higher currently.

B&GA travel is driven by corporate confidence and wealth creation, with a long-term, through cycle correlation to GDP and corporate profits. The global installed fleet of business jets and turboprops is estimated to be more than 32,000 aircraft, with 64% currently based in North America, and a further 12% in Europe, Signature's second largest market.

The global fleet is expected to grow by 14% over the next decade but its distribution is not forecast to change significantly, hence North America remains our key focus geographically.

B&GA flight hours, aircraft movements and asset utilization are key drivers for Signature and EPIC. Increased activity means more arrivals and departures and a higher uptake of fuel and other services across the network.

As market leader in the B&GA sector we take our responsibility to ensure a sustainable future for our industry very seriously. During 2020 we launched our Signature Renew environmental sustainability program, which encompasses many FBO and operator environmental sustainability initiatives. Through this programme, Signature has made strides towards the industry goal of reducing global CO₂ emissions generated by business aviation, which currently total over 1 billion tons of output annually. Signature Renew sustainable aviation fuel (SAF) uses a 30/70 blend of renewable feedstock and conventional Jet A that yields a 25% reduction in direct carbon output from aircraft versus traditional jet fuel. In 2021, we delivered 6.1 million gallons of SAF and we continued to make significant progress to secure permanent supplies, which will be a key market driver as our customers look to fly more sustainably.



Strategic Report continued

Key Market Segments

The B&GA market splits into three main flying certificates:

- Jet owner operators, whether private or corporate, fly under a Part 91 certificate type
- The fractional owners, such as our largest customer NetJets, fly on certificate Part 91K
- The charter or 'on-demand' market (Part 135).

The charter flier has no invested position in an aircraft and therefore incurs a higher marginal cost to fly. This segment of the market is typically more elastic. As we entered the recovery phase of the pandemic it has been the charter segment that has recovered the fastest due to increased leisure and personal usage as well as new entrants/users to B&GA driven by safety concerns and reduced commercial schedules.

Over time, the flying behaviours of the owner operator and fractional owners tend to be more resilient given that their invested position in an aircraft lowers the marginal cost to fly. The fractional operators have reported higher demand for their aircraft shares or hours as the market recovered, which has resulted in higher utilisation. Signature benefits from a global and diverse customer base of over 10,000 customers worldwide and we maintain long-term relationships with many of these customers across the three market segments.

We anticipate continued recovery from the impact of the Covid-19 pandemic in Signature and EPIC, with the business continuing to outperform the B&GA market at the airports from which we operate. The Signature global network serviced 1.1 million GA flights in 2021 with a total GA fuel volume of 328 million gallons.

US B&GA market in 2021

The B&GA market continued to recover in 2021 as pandemic related stay-at-home measures eased. Movements at Signature recovered, however the change in the mix of flying movements which started in 2020 became even more pronounced in 2021, with small and mid-sized aircraft recovering at a greater pace and therefore accounting for a greater share of the market.

Overall US FY 2021 performance significantly outpaced prior year, as we witnessed a strong recovery driven predominantly by favourable shifts in base and customer mix and a surge in leisure demand, which even exceeded 2019 pre-COVID levels.

By June flight activity at Signature had started to outpace prior year levels. With the second half of 2021 hitting record highs as leisure demand continued to exceed expectations and the US started to see the return of business and international travel.

This recovery mix of flying has also accentuated regional differences in flight activity, with the North-east, which is more weighted to business and international travel, lagging other US regions. We are encouraged that although business and corporate flying did not experience the usual pick-up following Labour Day, the overall market through year end remained broadly at the levels experienced during the summer with good holiday periods. This suggests both a stickiness to private flying from new entrants, but also that charter flying was not just vacation related but more personal usage.

Europe B&GA market in 2021

In Europe, the market experienced a similar rebound post the depths of the pandemic, such that by the end of 2021, our served market (locations where Signature has a presence) had recovered above the 2019 pre-COVID base.

Alternative Performance Measures

We assess Signature's performance using a variety of alternative performance measures. The APMs present the Group's results in a way that is more relevant to an understanding of the Group's financial performance and are consistent with the way performance is measured by management and reported to the Board and the Executive Leadership Team. We principally discuss these results for continuing operations on a pre IFRS 16 'adjusted' and/or 'underlying' basis. Results on an underlying or adjusted basis are presented before exceptional and other items. Alternative performance measures used by Signature for the twelve-month period ending 31 December 2021 are as follows:

Alternative Performance Measures ¹	2021	2020
Net Revenue (pre IFRS 16)	1,116.0	784.1
Statutory Revenue	2,285.4	1,413.9
Organic Revenue Growth	37.5%	(28.4%)
Underlying operating profit (pre IFRS 16) ²	312.8	143.5
Statutory Operating profit ²	286.9	95.3
Underlying EBITDA (pre IFRS 16) ²	388.7	218.3
Underlying EBITDA Margin (Pre IFRS 16) ²	34.8%	27.8%
Operating Cash Flow (pre IFRS 16)	161.4	165.7
Cash Conversion (pre IFRS 16)	62.0%	185.0%
Free Cash Flow	103.8	43.1
Net Debt for Covenant Purpose	1,241.6	999.4

1 All Alternative Performance Measures (APMs) are reconciled to IFRS measures and explained in note 28. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

2 The 2020 comparative has been restated, refer to Change in accounting policy – SaaS arrangements note in the Accounting Policies of the Group section for details.

Financial Overview

For the year ended 31 December 2021, Signature's continuing revenue, increased by 62% to \$2,285.4 million (2020: \$1,413.9 million), with organic revenue growth of 37.5% (2020: 28.4% decline), largely driven by increased flight activity together as the B&GA market continued to recover. Signature's continuing net revenue, excluding the impact of IFRS 16, increased by 42% to \$1,116.0 million in 2021 (2020: \$784.1 million). SFS US FBO Market recovery continued through 2021 with some months outperforming 2019 in the later part of the year and SFS US gallons outperforming fuel burn market by 1.3% for the full year 2021. Similarly, SFS EMEA organic arrivals improved 39.3% driven by the surge in leisure travel demand. EPIC benefited from the improvement in GA market and the increase in fuel prices. US and EMEA continued to see recovery from our lowest point in 2020 to surpass 2019 levels in H2 2021.

Continuing underlying operating profit, excluding the impact of IFRS 16, increased by 118% to \$312.8 million in 2021 (2020: \$143.5 million), while underlying EBITDA, excluding the impact of IFRS 16, increased by 78% to \$388.7 million in 2021 (2020: \$218.3 million). These movements reflect the improved market conditions and flight activity, along with increased efficiencies and some benefits from cost reductions.

Continuing profit before tax improved from a loss of \$33.5 million in 2020 to a profit before tax of \$61.4 million with \$76.0 million of transaction costs, relating to the acquisition of Signature Aviation by Bidco, offsetting the market increase in underlying profit. Continuing underlying tax was a charge of \$57.7 million (2020: \$16.3 million charge) in line with changes in profit. Cash income taxes decreased to a net outflow of \$22.9 million (2020: \$74.8 million outflow) due primarily to the settlement of \$63.2 million US taxes in 2020 related to the gain on the sale of the Ontic business which completed in October 2019.

Pension scheme payments increased to \$22.6 million (2020: \$3.3 million) due to additional contributions agreed upon due to the acquisition of Signature and the disposal of ERO. In addition to committing to pay \$5.4 million per annum from Q4 2021 to 2030, a one-off contribution \$16.2 million was made in December 2021.

Operating cash flow, excluding the impact of IFRS 16, decreased by 3% to \$161.4 million in 2021 (2020: \$165.7 million), while free cash flow increased by 141% to \$103.8 million in 2021 (2020: \$43.1 million) driven by benefits in operating profit, higher interest received and a reduction in income taxes paid. These were partially offset by higher trade working capital arising from increased revenues and fuel prices as well as increased capital expenditures and a higher outflow for pension scheme payments. Net debt for covenant purpose increased by 22% to \$1,241.6 million in 2021 (2020: \$999.4 million) due to higher borrowings following Signature's acquisition by Bidco, slightly offset by an increase in reported cash and cash equivalents.

Continuing Group underlying net interest, including the impact of IFRS 16, was \$123.3 million (2020: \$123.4 million). Interest payable at a lower interest rate on the new acquisition debt was offset by higher amortisation of issue costs.

The exceptional interest amounts relate to the acquisition of Signature Aviation. Exceptional interest income was \$34.2 million (2020: \$nil) from the termination of fair value interest rate swaps hedging the fixed rate debt which was repaid. Exceptional interest expense was \$39.0 million (2020: \$nil) which relates primarily to the write-off of debt costs and the interest on the US senior notes which were repaid.

The Group has changed its accounting policy related to the capitalisation of certain software costs. This change follows the IFRIC agenda decision published in April 2021 regarding the capitalisation of cloud computing software implementation costs incurred under SaaS agreements. The Group's accounting policy has historically been to capitalise all costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets in the Balance Sheet, irrespective of whether the services were performed by the SaaS supplier or a third party.

Following adoption of the above IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine whether the Group has identifiable intangible software assets over which we retain control. For those arrangements where we do not have identifiable intangible software assets which we control, SA wrote off the intangible asset previously capitalised. Amounts paid to a software supplier in advance of the commencement of the service period, including for configuration or customisation, are treated as prepayment.

This change in accounting policy led to adjustments amounting to a \$16.3 million net reduction in the intangible assets recognised as at 31 December 2020 (including a \$6.5 million net reduction in the intangible assets recognised in the opening position as at 1 January 2020), and a \$9.3 million increase in operating expenses in the year ended 31 December 2020. Accordingly, the prior period Balance Sheet at 31 December 2020 has been restated in accordance with IAS 8.

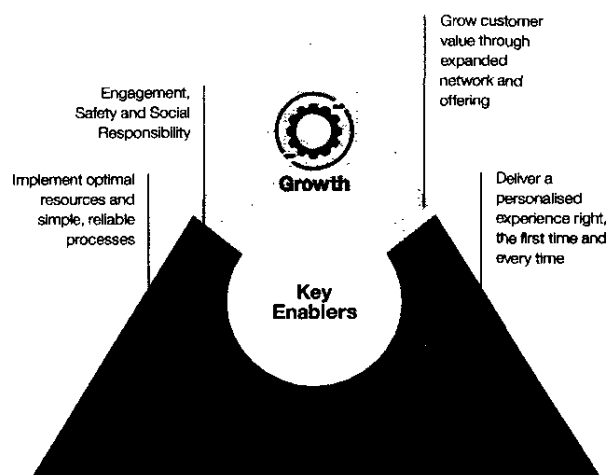
Signature also recorded an impairment loss of \$22.5 million due to the write-off of right to operate intangibles of FBOs closed during 2021. A strategic decision to exit Syracuse was made based on the economics of the field.

Future Outlook

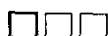
Following Signature's acquisition by the Consortium, we are building a foundation focused on our strategy (outlined below), which guides decision making in the organization:

- Key Enablers: improving safety, increasing engagement, being socially responsible.
- Customer Experience: improving the moments that matter most to the customer and delivering exceptional, personalised experiences.
- Operational Efficiency: optimizing the process for consistency, execution and efficiency.
- Growth: pursuing both organic and inorganic opportunities and securing relationships with key customers.

Signature strategy



As we move into 2022, we will continue to create value for our stakeholders by aligning all of our activities, individual objectives and investment to build and stabilise our strategic foundation. We continue to monitor recovery trends as the pandemic remains amongst us. We have seen flight activity returning to 2019 levels for most regions, and we expect this improvement to continue as most countries roll out COVID-19 vaccines. Growing the network through selective M&A and investing in our lease portfolio and real estate will continue, underpinned by our robust cash generation and strong balance sheet.



Risk Management

How we manage risk across Signature Aviation

Our risk management process is designed to support the business in meeting its strategic objectives, protect the interests of our shareholders and key stakeholders, and enhance the quality of our decision making through the awareness of risk-assessed outcomes. It also assists in the safeguarding of our assets, including people, finances, property and reputation.

We are committed to conducting business in accordance with all applicable laws and regulations and in a manner that is consistent with our Values.

Signature Aviation's risk appetite and risk mitigation strategy are matters that are overseen by the Board, with the support of the Audit and Risk Committee, which reviews and considers the effectiveness of the processes that underpin risk assessment and our systems of internal control.

The risk assessment process drives the Internal Audit scope, which is agreed in March each year by the Audit and Risk Committee. The Chief Risk Officer and Head of Internal Audit attend all Audit and Risk Committee meetings to provide regular updates and discuss any proposed changes to the plan.

Risks are identified through a detailed self-assessment process carried out by business and by function. The process analyses risk into eight types covering strategic, operational, financial, people, compliance, governance, hazard and an 'other' category, including unpredictable, although with hindsight, often inevitable, events. This includes emerging risks. They are recorded on risk registers together with their mitigations.

On a bi-annual basis, risk registers are refreshed, and the key risks at business and Group level are plotted on risk maps, which are discussed with senior business management and the Group's leadership team in order to validate the risk profile. The validated Group risk map is then discussed with the Audit and Risk Committee, together with key mitigation activities, and further mitigation, if any, is agreed.

Principal risks and uncertainties

We have identified 13 principal risks and uncertainties facing Signature Aviation which are considered by the Board to be material to the development, performance, position or future prospects of the Group. These risks, mitigations and directional changes during the year are summarised in the table below. They are not set out in priority order.

The Directors' risk assessment process considered both the specific consequences of COVID-19 on business operations and its effect on the principal risk identified. While the nature of the Group's principal risks are unchanged in substance, the pandemic has increased the magnitude and likelihood of certain risks including the existing pandemic risk and has highlighted the multi-faceted nature of the pandemic's impact over multiple risk areas.

Risk	Description	Mitigation action/Control
Economy	Structural changes in the global economic environment, including as a result of COVID-19, or cycle fluctuations that drive down B&GA, commercial and military flying.	<ul style="list-style-type: none"> Active monitoring of lead economic indicators. Strong financial controls to monitor financial performance and provide a basis for corrective action when required. Low fixed costs allow cost base to be flexed to meet demand using our Labour Efficiency and Equipment Productivity (LEEP) initiative to execute flexible working patterns.
Terrorist activity	Global terrorist events either in-flight, at or near major airports materially impacting global air travel.	<ul style="list-style-type: none"> Airport and internal access security processes, vetting of potential staff members in recruitment process. Low fixed costs allow cost base to be flexed to enable corrective action to be taken.
Legislative changes	Legislative changes, for example causing material increase to cost of B&GA flight relative to alternatives such as commercial flying, road or rail travel. Further legislative matters include the introduction of General Data Protection Regulation (GDPR) and the California Consumer Privacy Act.	<ul style="list-style-type: none"> Active participation in all relevant industry bodies. Ongoing monitoring of all US and EMEA political activity which may impact B&GA activity. Internal policies including Data Protection and supporting training ensure GDPR and California Consumer Privacy Act requirements are understood.
Competitive environment	Ongoing competitor activity to replicate market position of Signature network on the field, coupled with the actions of airports on potential changes of FBO requirements.	<ul style="list-style-type: none"> Active monitoring of competitor activity. Continuous engagement with airport authorities. Strong financial controls to monitor financial performance. Use of pricing optimisation algorithms for the deployment of new pricing points into the market.
People	Ability to attract and retain high-quality and capable people at senior and mid-management levels, as well as front-line employees.	<ul style="list-style-type: none"> Succession planning process embedded with review at Executive Leadership Team and Board level annually. Remuneration structure designed to reward superior performance and promote retention. Proactive employee development and key talent retention processes. Establishment of an employee hardship fund.
Product and services	Potential liabilities from defects in services and products and associated warranty claims.	<ul style="list-style-type: none"> Standard operating procedures with routine root cause analysis of all incidents. Liability insurance.

Risk	Description	Mitigation action/Control
Cyber security	Impact of a successful cyber attack.	<ul style="list-style-type: none"> • Operation of a specialist Information Security team. • Continual refreshment of firewalls and endpoint protection, laptop encryption, mobile device management, intrusion protection, password policy, vulnerability and penetration testing, identity and security event management. • Cyber insurance added to insurance programme in 2019.
Ethics	Intentional or inadvertent non-compliance with company values and legislation, both within Signature Aviation and with trading partners, including non-adherence to legal competition requirements.	<ul style="list-style-type: none"> • Clear values statement and ethical policies, including specific competition law matters. • Semi-annual compliance certification by all senior management. • Rigorous third party vetting processes, which include compliance with sanctions regulations. • Robust internal control environment and regular review by internal and external audit.
Environment	Environmental exposures.	<ul style="list-style-type: none"> • Strong procedural controls and physical containment when working with fuel or other hazardous chemicals. • Active management of known environmental matters to minimise costs to resolve. • Environmental insurance where appropriate.
Banking covenants	Non-compliance with debt covenants or an event of default occurs which causes a breach of terms and conditions under the Group's debt facilities.	<ul style="list-style-type: none"> • Strong treasury management controls concerning liquidity management.
Tax	Changes in tax regulation in both the USA and EMEA could impact our effective tax rate and our cash tax liabilities.	<ul style="list-style-type: none"> • Timely compliance with all international tax requirements. • Continuous monitoring of changes to tax legislation, taking advice where appropriate from reputable professional advisers.
Supply chain disruption	Potential fuel supply chain disruption, the majority of which is now through the EPIC business and delay in delivery or lack of availability of parts from multi-tiered supply chains operating across multiple countries.	<ul style="list-style-type: none"> • Ability to source our fuel directly from the fuel refiners, rather than via the middle market (where EPIC is an established player). • Regular business reviews with major suppliers that address horizontal supply chain issues. • Mitigate single sources of supply where able or incorporate supply agreements that provide protection against loss and interruption.
Major safety or environmental incident	Major incident or site closure resulting from factors including safety, pandemics, natural disasters, flood risks, war or other external actions.	<ul style="list-style-type: none"> • Internal and external regulatory monitoring for all health and safety regulations at all sites. • Launch of Signature Assure health and safety brand – standardised network approach to safe customer experience during the pandemic. • Business continuity plans in all locations, with a programme of regular testing led by the Business Continuity Management Council.

Emerging risk – climate change

In addition to the assessment of the Group's risk landscape over a three-year period, management also considers emerging risk over a longer time horizon, with a particular focus on climate change. Leading the industry on environmental matters is a fundamental part of Signature's strategy and a detailed review was carried out in 2020 to consider options for increasing environmental sustainability. In response to emerging climate change risk the Board has committed to reduce our Scope 1 and Scope 2 carbon emissions to net zero by 2050.

Due to the Group's active commitment to managing the impact of climate change and generating new related initiatives, this is not considered to be a principal risk over the three-year risk period. Three key themes have been identified in relation to emerging climate change risk:

Environmental consciousness impacting behaviour – increasing political and public pressure over the impact of flying, including B&G travel, on the environment and the longer-term impact of customer behaviours in seeking mitigation strategies or alternative sources of travel. By leading the industry in managing the Group's own emissions, and as the world's first FBO network to establish a permanent supply of Sustainable Aviation Fuel (SAF), Signature is well placed to be the FBO network of choice for environmentally conscious customers.

Regulations and taxes – the potential for increasing government regulation including programmes to reduce carbon emissions, increasing taxes on jet fuel, and actions taken against higher carbon emitting industries. Reducing the Group's emissions and enabling our customers to benefit from the use of SAF mitigates the impact of potential regulation in the short to medium term.

Capital investment – in responding to changes in flight technology such as the introduction of emerging electric aircraft technology and electric vertical take-off and landing vehicles (eVTOLs) capital investment may be needed to meet new customer demand. Responding to the increasing demand for energy-efficient real estate and ground support equipment is a key aspect of the Signature Renew programme.



Section 172 Statement

The Directors are aware of their various duties including those under section 172 of the Companies Act.

The Directors consider they have acted in good faith and in a way that is most likely to promote the long-term success of the Group for the benefit of its members. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

a. Likely consequence of any decision in the long term

Notwithstanding the desire to control costs and manage liquidity, the Board continued to make disciplined investments in long-term FBO with the purchase of Vail Valley Jet Center for the headline price of \$325 million on 30 November 2021. We also completed the acquisition of the remaining 51% interest in the St Thomas Jet Center in the British Virgin Islands for \$10.7 million on 9 September 2021. These decisions were in the best long-term economic interests of the Group.

Given the average lease length of our FBO assets and lease renewals, the Board's timelines are drawn towards the longer term. More generally, when the Board is considering the Group's strategy and conducting its review of emerging risks, the Board takes a long-term view when making decisions.

b. Foster business relationships with suppliers, customers and others

The Board is fully aware of the need to foster these relationships for the long term as without such long-term relationships the business is unlikely to be sustainable. There is an ongoing focus on high standards of customer service and the Board is regularly briefed on relationships with key customers and suppliers both in respect of specific and general decision making. The management team has introduced a more robust process for obtaining customer feedback to help it and the Board to better understand the customer.

The Group continued to pay suppliers in a timely manner and managed customers' credit and payment terms on a case-by-case basis.

The Group's operations remained open throughout the COVID-19 pandemic and the safety of employees, customers and others remained of primary importance. Using the Recovery Playbook and the Signature Assure brand the Company has ensured consistently high standards of customer safety across the global network, even if local requirements were lower.

c. Interest of the Company's and the Group's employees

Following discussions at the beginning of 2020 regarding an increased focus on ensuring the employee voice was heard in the boardroom, there were a number of activities planned around Board meetings to ensure that the Non-executive Directors had opportunities to meet a broader group of employees. These plans were initially impossible in light of the COVID-19 pandemic, and a revised Employee Voice programme was launched in the second half of 2020. The programme facilitates Non-executive Directors meeting with employees, either through site visits or virtual focus groups selected randomly from the whole workforce.

The Employee Voice programme has improved the Non-executive Directors' understanding of what it is like to work for Signature Aviation and has informed Board discussions on a range of topics including safety and training. The Board has taken comfort from the positive messages it has heard from employees.

The Signature Aviation Hardship Fund was created to help team members who are facing financial hardship immediately following the effects of a pandemic, natural disaster or an unforeseen personal hardship. The Fund relies primarily on individual donations from employees and support from Signature Aviation to fund this programme. In 2021, it provided \$82,895 in grants to 40 employees in need.

The Board was also pleased to discuss the activities of the Diversity & Inclusion (D&I) Committee, that was launched in 2020. In 2021, the D&I Speaker Series hosted a different guest each quarter in conversation with a senior team member on gender, sexual, racial, and cognitive diversity. We also continued our activities in support of Women in Aviation. Throughout the acquisition of Signature Aviation Limited by Brown Bidco Limited process, the Board was mindful of the impact on employees and has made sure relevant updates were provided to the workforce.

The Company continued investing in the development of our team through programmes like GMIT (General Manager in Training), GOAL (General Onboarding, Advanced Learning), the new Emerging Leaders Program, and LinkedIn Learning. More than 1,500 team members took advantage of these opportunities to learn and grow.

d. Impact of the Company's operations on the community and the environment

Signature has established that sustainability is a key enabler of the overall company strategy. The Board is briefed on the impact on communities and the environment of in all major decisions, prioritising environmental justice in airport decision making. The Environmental Policy was updated in 2021 to reflect a commitment to environmental responsibility, social responsibility, and corporate governance and to integrating that responsibility into all aspects of the business. The Company is engaged in preparing the first Environmental Social Governance (ESG) Report, using 2021 as a benchmark year and conducting a current state assessment to ensure continual improvement. Signature recognises the risk to human health and the environment from AFFF fire fighting foams that contain persistent PFAS chemicals and has therefore proactively committed to the replacement of hangar foam fire suppression systems with non-AFFF systems, prioritising locations based on evolving regulations and risk.

Climate change is consistently in the public mind and it is something that is a very important part of the Company's reputation and how stakeholders, and particularly customers and employees, feel about Signature. In 2021 Signature established a global roadmap towards net zero by 2050, and remains on track. Focus areas include electrification of ground service equipment, solar panel installations, which provide excess energy back to the grid in some markets, and targeting LEED certification for new building construction.

As part of the company-wide sustainability initiative, Signature is the first FBO to provide a permanent supply of Sustainable Aviation Fuel (SAF), invigorating the journey toward net-zero carbon emissions. Signature has pumped over 6 million gallons of SAF globally since the inception of the programme in Q4 2020.

2021 accomplishments include:

- Expanding the availability of physical SAF supply from 5 locations to 10;
- Supporting the UN Climate Conference (COP26) in Glasgow, United Kingdom (UK) with Physical SAF;
- Initiating a Book and Claim programme for customers to obtain the carbon reduction benefits of SAF where there is no physical product;
- Adding an additional SAF supplier to our portfolio;
- Completing a Book and Claim purchase agreement for 2022 with NetJets for 2.5 million gallons of B&C credits.

In 2022, goals are to maintain our industry leadership by increasing our physical supply exponentially through long-term supply agreements.

As further evidence of the environmental commitment by the Company, all Underground Storage Tanks continue to be evaluated in order to prioritise tank removals and above-ground replacement of USTs as part of an ongoing effort to proactively reduce risk while protecting the environment. Construction activities continue to focus on LEED certification with non-LEED renovation projects requiring environmental and sustainability measures as standard. The importance of energy resilience has been recognised by Signature and the solar initiative resulted in a total 2021 energy production of 4,919 MWh (5.1% of Signature total electricity consumption).

e. The desirability of the Company maintaining a reputation for high standards of business conduct

The Group's Code of Business Ethics, Policy on Anti-Bribery, Gifts and Entertainment, Competition Law Policy, and Disclosure of Unethical Conduct Policy were updated to reflect the Group's new organisational structure. The Company also introduced a Trade Controls Compliance Policy and Conflict of Interest Policy. These, along with other relevant topics were included in the annual Ethics & Compliance training completed by nearly 800 employees in 2021.

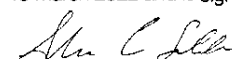
As with fostering relationships with suppliers, customers and others, the maintenance of high standards of ethical conduct is very important and underpins our licence to operate and therefore the sustainability of the business.

f. The need to act fairly between members of the Company

The Board has a clear responsibility to act fairly between shareholders, as the owners of our business, and there is the appropriate reporting structure in place to ensure the Board is informed and can consider shareholders' views. The Group ensures that the shareholders of the Group are fully informed of all key matters in terms of business strategy, policy decisions and financial results.

This concludes the Board's Statement on Section 172 (1).

This Strategic Report was approved by the Board of Directors on 18 March 2022 and is signed on its behalf by:



Shawn Fallon
Director

18 March 2022



The Board

Board of Directors

The current Board of Directors of Brown Topco Limited (an entity outside the Signature Aviation consolidated group), as well as Signature Aviation Limited, is composed of three members: the CEO, the CFO, and the General Counsel & Corporate Secretary. Since the CEO, CFO and General Counsel & Corporate Secretary also serve as officers for Signature Aviation US Topco LLC, which is the highest entity within the new Group structure, all major decisions of Signature Aviation Limited and Brown Topco Limited are ultimately directed by, and highly coordinated with, the Board of the topmost company in the Group, Signature Aviation US Topco LLC.

All Board members of the Group have a proven track record in managing business of this size and are deemed to be capable to assume this responsibility. The members of the respective Boards are in frequent contact with local management and local employees to obtain first-hand information.

The Board of Directors met throughout the year, with members of the Executive Leadership Team from each site interacting directly during Board meetings to present and discuss the status of a variety of matters and initiatives.

Key decisions (such as those noted below) require Board consideration and approval.

During 2021 the following matters were reviewed:

- Financial performance of the Group;
- Budget;
- Capex projects;
- Employee Engagement Survey results;
- Approval of compliance related policies;
- Audit Committee reports;
- Business reviews and market updates;
- Approval of mergers and acquisition projects; and
- Sustainability and environmental strategy and targets.

The Board of Directors has delegated certain responsibilities to the Audit and Risk Committee, the Nomination and the Remuneration Committee as discussed below.

Audit and Risk Committee

The Audit and Risk Committee discharges a number of key responsibilities on behalf of the Board and the Group. These include monitoring the Group's financial reporting processes, overseeing the work of the Internal Audit team, reporting on the independence and objectivity of the external auditor, and reporting on these matters to the Board.

While risk strategy and risk appetite are matters for the whole Board, the oversight of the processes that underpin risk assessment and internal control are matters that the Board delegates to this Committee.

During 2021, the Audit and Risk Committee had four scheduled meetings, generally coinciding with key dates in the financial reporting and audit cycle.

Nomination Committee

During the period to acquisition of Signature Aviation on 1 June 2021 the Nomination Committee comprised the Chairman and independent Non-executive Directors. The Nomination Committee met as required and other Directors attended Nomination Committee meetings by invitation.

Remuneration Committee

The Board is responsible for the Remuneration Policy and has delegated primary responsibility for the implementation of that Policy to the Remuneration Committee. The Remuneration Committee was a Board Committee consisting of independent Non-executive Directors and the Chairman prior to the acquisition of Signature Aviation on 1 June 2021. No individual is directly involved in the determination of, or votes on, any matter relating to their own remuneration.

The Committee also had oversight for pay structures and employment policies for the full workforce.

Directors' Report

The Directors present their Directors' Report and the audited consolidated financial statements of Signature Aviation Limited for the year ended 31 December 2021.

Future developments and events after the balance sheet date
Details of likely future developments and events after the balance sheet date may be found within the Strategic Report as permitted under section 414C(11) of the Companies Act 2006.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: \$nil).

Directors

The Directors who held office during the year and up to the date of signing the consolidated financial statements were as follows:

Tony Lefebvre	(appointed 9 June 2021)
Shawn Fallon	(appointed 6 July 2021)
Maria Garton	(appointed 30 December 2021)
Stephen Bolze	(appointed 1 June 2021 and resigned 30 December 2021)
Thomas Handley	(appointed 1 June 2021 and resigned 30 December 2021)
Philip Iley	(appointed 1 June 2021 and resigned 30 December 2021)
Sir Nigel Rudd	(appointed 1 December 2013 and resigned 1 June 2021)
Ameé Chande	(appointed 1 January 2018 and resigned 1 June 2021)
Wayne Edmunds	(appointed 7 August 2013 and resigned 1 June 2021)
Emma Githorpe	(appointed 1 January 2018 and resigned 1 June 2021)
Victoria Jarman	(appointed 7 January 2019 and resigned 1 June 2021)
Stephen King	(appointed 7 January 2019 and resigned 1 June 2021)
Peter Edwards	(appointed 1 January 2016 and resigned 1 June 2021)
Mark Johnstone	(appointed 1 April 2018 and resigned 9 June 2021)
Peter Ventress	(appointed 1 January 2016 and resigned 1 June 2021)
David Crook	(appointed 1 June 2017 and resigned 6 July 2021)

Directors' third-party indemnity provisions

The Company has entered into deeds of indemnity in favour of each of its Directors, under which the Company agrees to indemnify each Director against liabilities incurred by that Director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office. In addition, the Company has entered into indemnity deed polls in substantially similar terms in favour of members of the Signature Leadership Team and other members of senior management. Indemnity provisions of this nature have been in place during the reporting year and remain in force. The Company also maintains Directors' and officers' liability insurance for its Directors and officers.

Political contributions

No political contributions were made during the year.

Employee involvement

The Company provides employees with various opportunities to obtain information on matters of concern to them and to improve their awareness of the financial and economic factors that affect the performance of the Company.

All companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee or applicant for employment on the basis of race, religious belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation, marital status or other legally protected characteristic.

This includes giving full and fair consideration to suitable applications for employment from qualified individuals with a disability and making reasonable accommodations so that if individuals become disabled they can continue to be employed, wherever practicable, in the same job or, if this is not practicable, making every effort to assist the individual to find suitable alternative employment.

The Group also carries out employee engagement surveys on a regular basis and has held Employee Voice sessions to monitor the culture within the Group.

Statement of engagement with suppliers, customers and others in a business relationship with the Company

The Company and Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and abide by the terms of the payment. Disclosure of how the Group has fostered its business relationships has been made in the Section 172(1) statement in the Strategic Report.

Disabled employees

The Group is an equal opportunity employer and is committed to developing and maintaining a culture of equality and diversity in which employees are treated equally, whether or not they have a disability.

The Group takes all reasonable steps to employ, train and promote employees on the basis of abilities, qualifications and experience irrespective of any disability. The Group has a duty to make reasonable adjustments to its premises and working practices in order to accommodate disabled employees, including those who become disabled whilst in the Group's employment.

The Group will not condone any discrimination or harassment on the grounds of disability, either from employees or any outside third parties who carry out business with the Group.

Modern slavery

We are committed to ensuring that our business and our supply chains are free from modern slavery and human trafficking. We recognise the overarching importance of human rights and support the principles set out in the UN Universal Declaration of Human Rights.

To date, we believe that we have been highly effective in monitoring the risk of modern slavery and human trafficking in both our operations and those of our partners and suppliers.

In 2020, we launched an online training course available to all employees to assist them in identifying and reporting any concerns about third party human trafficking (through our bases and their wider airports) to the appropriate authorities. We have also been reviewing collaborative industry initiatives that would allow us to contribute further to the global anti-human trafficking campaign.



Directors' Report continued

Financial risk management objectives and policies

The financial risk management objectives and policies of the Group are outlined in note 15 of the consolidated financial statements. For the financial risks which are deemed to be principal risks of the Group please refer to the Principal Risks and Uncertainties section of the Strategic Report for more information.

Environmental performance

We have reported environmental metrics for more than 15 years. The energy and carbon information includes all the subsidiaries of the Group. We use the services of an external consultant to review and provide third-party evaluation of the process for collecting and consolidating this data.

Units	2021	2020 ^{1,2}	2019 ¹
Electricity consumption MWh	95,670	103,290	112,356
GHG emissions CO ₂ e(t)/\$m revenue	30.26	39.05	31.30
Revenue (Total Group) \$m	2,285	1,921.3	2,798.8
Global energy use MWh ³	264,196	278,685	312,569
UK proportion of global energy use ³	1.6%	5.0%	5.3%

1 2020 and 2019 figures include ERO and exclude Ontic.

2 2020 figures recalculated for latest data and amended emissions factors.

3 Total energy value use including electricity, gas, fuels.

Greenhouse gas emissions

We have reported on all of the emission sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Streamlined Energy and Carbon Report) Regulations 2018. All of these sources fall within our consolidated financial statements. We have used the World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Reporting Protocol Corporate Accounting and Reporting Standard (revised edition), and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020, EPA Emission Factors for Greenhouse Gas Inventories 2020 and EPA Emissions & Generation Resource Integrated Database eGRID2019v10.0.

The disclosure is made in relation to the Group, for the year ended 31 December 2021. Our disclosures comply with the Streamlined Energy and Carbon Reporting (SECR) requirements.

Units	2021 tCO ₂ e	2020 ^{1,2} tCO ₂ e	2019 tCO ₂ e
Scope 1 – combustion of fuel and operation of facilities	32,691	34,505	39,861
Scope 2 – Electricity, heat, steam and cooling purchased for own use	36,492	40,516	47,737
Total GHG emissions	69,183	75,021	87,598
GHG emissions per \$m of revenue	30.26	39.05	31.30
UK Scope 1 emissions	564	1,905	2,093
UK Scope 2 emissions	828	1,170	1,717
UK total GHG emissions	1,392	3,075	3,810
UK proportion of total GHG emissions	2.0%	4.1%	4.3%

1 2020 and 2019 figures include ERO and exclude Ontic.

2 2020 figures recalculated for latest data and amended emissions factors.

Focus areas to improve energy efficiency during 2021

Focus areas includes electrification of ground service equipment, solar panel installations, which provide excess energy back to the grid in some markets, and targeting LEED certification for new building construction.

Going concern

The Directors have carried out a review of the Group's trading outlook and borrowing facilities, with due regard to the risks and uncertainties to which the Group is exposed, the uncertain economic climate, including COVID-19 and the impact that this could have on trading performance. Based on this review, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Further details regarding the adoption of the going concern basis can be found in the accounting policies of the Group on page 24.

Disclosure of information to auditor

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

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Shawn Fallon
Director

18 March 2022

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing the Company financial statements, the Directors are required to:

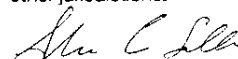
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Shawn Fallon
Director

18 March 2022



Independent Auditor's Report

To the members of Signature Aviation Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Signature Aviation Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the accounting policies of the Group and parent company;
- the Group notes 1 to 28; and
- the parent company notes 1 to 15.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. 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 Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Strategic Report

Directors' Report

Financial Statements

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 our report, we do not express any form of assurance conclusion thereon.

We have nothing to report in this regard.

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation and CARES Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the UK & USA Aviation Industry Regulations and Money laundering Regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT, and financial instruments regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Valuation of Incremental Borrowing Rates ("IBRs") used in IFRS 16 lease accounting: We evaluated the design and implementation of the key controls; we reviewed and assessed the valuation methodology including challenging key assumptions and tested the underlying data for accuracy and completeness.

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



Independent Auditor's Report

To the members of Signature Aviation Limited continued

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

Use of our report

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

Andrew Halls FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom
18 March 2022

Strategic Report

Directors' Report

Financial Statements

Consolidated Income Statement

For the year ended 31 December	Notes	2021			2020		
		Underlying ¹	Exceptional and other	Total	Underlying ¹	Exceptional and other	Total
		\$m	items ²		\$m	items ²	
Continuing operations							
Revenue	1	2,285.4	–	2,285.4	1,413.9	–	1,413.9
Cost of sales		(1,776.0)	–	(1,776.0)	(1,103.3)	–	(1,103.3)
Gross profit		509.4	–	509.4	310.6	–	310.6
Distribution costs		(5.2)	–	(5.2)	(4.6)	–	(4.6)
Administrative expenses (restated ³)	2	(145.8)	(72.0)	(217.8)	(124.6)	(73.7)	(198.3)
Other operating income		3.3	–	3.3	1.0	–	1.0
Share of profit of associates and joint ventures	9	2.8	–	2.8	4.0	–	4.0
Other operating expenses		(3.2)	(2.3)	(5.5)	(2.9)	(5.9)	(8.8)
Restructuring costs	2	–	(0.1)	(0.1)	–	(8.6)	(8.6)
Operating profit/(loss)		361.3	(74.4)	286.9	183.5	(88.2)	95.3
Impairment of assets	6	–	(22.5)	(22.5)	–	(4.6)	(4.6)
Gain on disposal of business	2	–	–	–	–	2.0	2.0
Gain on remeasurement of investment in associates and joint ventures	2	–	1.1	1.1	–	–	–
Transaction costs	2	–	(76.0)	(76.0)	–	(2.8)	(2.8)
Investment income	3	2.7	34.2	36.9	2.2	–	2.2
Finance costs	3	(126.0)	(39.0)	(165.0)	(125.6)	–	(125.6)
Profit/(loss) before tax		238.0	(176.6)	61.4	60.1	(93.6)	(33.5)
Tax (charge)/credit (restated ³)	4	(57.7)	38.9	(18.8)	(16.3)	23.9	7.6
Profit/(loss) from continuing operations		180.3	(137.7)	42.6	43.8	(69.7)	(25.9)
Discontinued operations							
Profit/(loss) from ERO discontinued operations, net of tax	24	18.3	(37.0)	(18.7)	36.3	(36.1)	0.2
Profit from Ontic discontinued operations, net of tax	24	–	–	–	–	9.3	9.3
Profit/(loss) for the year		198.6	(174.7)	23.9	80.1	(96.5)	(16.4)
Attributable to:							
Equity holders of Signature Aviation Limited		198.3	(174.7)	23.6	80.0	(96.5)	(16.5)
Non-controlling interest		0.3	–	0.3	0.1	–	0.1
		198.6	(174.7)	23.9	80.1	(96.5)	(16.4)

1 Underlying profit is stated before exceptional and other items.

2 Exceptional and other items are defined in note 2. All Alternative Performance Measures are reconciled to International Financial Reporting Standards (IFRS) measures and explained in note 28.

3 The 2020 comparative has been restated, refer to Change in accounting policy - Software as a Service (SaaS) arrangements note on page 45 for details.



Consolidated Statement of Comprehensive Income

For the year ended 31 December	Notes	2021 \$m	2020 \$m
Profit/(loss) for the year (restated)¹		23.9	(16.4)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit pension schemes	17	(25.7)	(66.4)
Tax credit relating to components of other comprehensive loss that will not be reclassified subsequently to profit or loss	4	6.5	6.6
		(19.2)	(59.8)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations	19	(0.7)	7.8
Recycling of translational exchange differences accumulated in equity upon disposal of subsidiary	19	5.0	–
Fair value movements in foreign exchange cash flow hedges	15, 19	(0.2)	0.1
Transfer to profit or loss from other comprehensive income on foreign exchange cash flow hedges	15, 19	0.1	0.2
Tax charge relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	4	–	(1.3)
		4.2	6.8
Other comprehensive loss		(15.0)	(53.0)
Total comprehensive income/(loss) for the year		8.9	(69.4)
Attributable to:			
Equity holders of Signature Aviation Limited		8.6	(69.5)
Non-controlling interests		0.3	0.1
		8.9	(69.4)

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 45 for details.

Strategic Report

Directors' Report

Financial Statements

Consolidated Balance Sheet

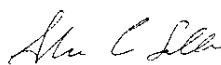
As at 31 December	Notes	2021 \$m	2020 \$m
Non-current assets			
Goodwill	6	1,174.6	1,124.0
Other intangible assets (restated ¹)	6	1,043.1	908.3
Property, plant and equipment	7	804.7	732.1
Right of use assets	8	1,126.3	1,027.3
Interests in associates and joint ventures	9	13.4	26.1
Trade and other receivables	11	34.1	88.1
Deferred tax asset	18	30.1	15.4
		4,226.3	3,921.3
Current assets			
Inventories	10	64.3	35.2
Trade and other receivables	11	253.6	146.6
Cash and cash equivalents	11	266.7	168.0
Tax recoverable		0.4	0.5
Assets held for sale	24	–	299.5
		585.0	649.8
Total assets		4,811.3	4,571.1
Current liabilities			
Trade and other payables	12	(277.1)	(265.2)
Tax liabilities		(16.5)	(21.0)
Lease liabilities	13	(47.6)	(50.9)
Borrowings	14	(14.3)	–
Provisions	16	(33.4)	(26.6)
Liabilities held for sale	24	–	(156.2)
		(388.9)	(519.9)
Net current assets		196.1	129.9
Non-current liabilities			
Borrowings	14	(1,455.0)	(1,208.1)
Lease liabilities	13	(1,193.2)	(1,092.9)
Trade and other payables due after one year	12	(0.1)	–
Pensions and other post-retirement benefits	17	(55.5)	(52.3)
Deferred tax liabilities (restated ¹)	18	(98.9)	(92.7)
Provisions	16	(22.5)	(27.3)
		(2,825.2)	(2,473.3)
Total liabilities		(3,214.1)	(2,993.2)
Net assets		1,597.2	1,577.9
Equity			
Share capital	19	510.5	510.6
Share premium account	19	1,594.5	1,594.5
Other reserve	19	(10.5)	(10.5)
Treasury reserve	19	(100.6)	(96.7)
Capital reserve	19	32.9	54.7
Hedging and translation reserves	19	(68.3)	(72.5)
Retained earnings (restated ¹)	19	(362.1)	(403.6)
Equity attributable to equity holders of Signature Aviation Limited		1,596.4	1,576.5
Non-controlling interest		0.8	1.4
Total equity		1,597.2	1,577.9

1 The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

These financial statements were approved by the Board of Directors on 18 March 2022 and signed on its behalf by:

Tony Lefebvre
Chief Executive Officer

Shawn Fallon
Chief Financial Officer



Consolidated Cash Flow Statement

For the year ended 31 December	Notes	2021 \$m	2020 \$m
Operating activities			
Net cash flow from operating activities (restated¹)	21	331.4	296.2
Investing activities			
Interest received		34.9	0.8
Interest received on sublease assets		1.5	1.6
Receipt of capital element of sublease assets		2.9	2.8
Dividends received from joint ventures and associates	9	3.2	2.7
Purchase of property, plant and equipment		(82.6)	(70.0)
Purchase of intangible assets (restated ¹)		(6.9)	(4.2)
Proceeds from disposal of property, plant and equipment		1.2	0.3
Acquisition of businesses, net of cash acquired	23	–	(20.4)
Acquisition of businesses, net of cash acquired (St Thomas and St Maartens)	23	(8.9)	–
Acquisition of businesses, net of cash acquired (Vail)	23	(321.1)	–
Capital contribution		1.4	–
Proceeds from disposal of subsidiaries and associates, net of cash disposed ²	24	95.7	14.1
Net cash outflow from investing activities		(278.7)	(72.3)
Financing activities			
Interest paid		(71.4)	(50.0)
Interest paid on lease liabilities		(77.4)	(77.0)
Outflows from realised foreign exchange contracts		(2.9)	(1.6)
Proceeds from issue of ordinary shares net of issue costs		5.5	0.5
Purchase of own shares ³		(11.0)	(2.3)
Increase in loans payable	22	295.0	17.7
Increase in loans to related parties		(11.1)	–
Payment of lease liabilities		(91.1)	(60.1)
Net cash inflow/(outflow) from financing activities		35.6	(172.8)
Increase in cash and cash equivalents		88.3	51.1
Cash and cash equivalents at beginning of year		171.1	122.4
Exchange adjustments on cash and cash equivalents		7.3	(2.4)
Cash and cash equivalents at end of year	11	266.7	171.1
Comprised of:			
Cash and cash equivalents at end of the year	11	266.7	168.0
Cash included in Assets held for sale at end of the year	24	–	3.1

1 The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 45 for details.

2 In addition to the disposal of ERO during the year, the Group also received \$6.3 million from the repayment of a promissory note from GAMA Aviation (see note 24).

3 Purchase of own shares includes the share purchases for the share buy-back scheme, shares purchased for the Employee Benefit Trust and shares purchased for employees to settle their tax liabilities as part of the share schemes.

Strategic Report

Directors' Report

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Share capital \$m	Share premium \$m	Retained earnings \$m	Other reserves \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
Balance at 1 January 2020 (as previously reported)		510.1	1,594.5	(329.4)	(130.2)	1,645.0	2.4	1,647.4
Prior period restatement ¹		–	–	(5.3)	–	(5.3)	–	(5.3)
Balance at 1 January 2020 (restated)		510.1	1,594.5	(334.7)	(130.2)	1,639.7	2.4	1,642.1
Loss for the year (restated ¹)		–	–	(16.5)	–	(16.5)	0.1	(16.4)
Other comprehensive (loss)/income for the year		–	–	(61.1)	8.1	(53.0)	–	(53.0)
Total comprehensive (loss)/income for the year		–	–	(77.6)	8.1	(69.5)	0.1	(69.4)
Dividends		–	–	–	–	–	(0.3)	(0.3)
Issue of share capital	19	0.5	–	–	–	0.5	–	0.5
Movement on treasury reserve	19	–	–	–	(2.3)	(2.3)	–	(2.3)
Credit to equity for equity-settled share-based payments	19	–	–	–	6.0	6.0	–	6.0
Tax on share-based payment transactions	4	–	–	1.3	–	1.3	–	1.3
Change in non-controlling interests		–	–	0.8	–	0.8	(0.8)	–
Transfer to/(from) retained earnings	19	–	–	6.6	(6.6)	–	–	–
Balance at 31 December 2020 (restated)		510.6	1,594.5	(403.6)	(125.0)	1,576.5	1.4	1,577.9
Balance at 1 January 2021		510.6	1,594.5	(403.6)	(125.0)	1,576.5	1.4	1,577.9
Profit for the year		–	–	23.6	–	23.6	0.3	23.9
Other comprehensive (loss)/income for the year		–	–	(19.2)	4.2	(15.0)	–	(15.0)
Total comprehensive income for the year		–	–	4.4	4.2	8.6	0.3	8.9
Dividends		–	–	–	–	–	(0.1)	(0.1)
Capital contribution	19	–	–	–	1.4	1.4	–	1.4
Issue of share capital	19	5.5	–	–	–	5.5	–	5.5
Cancellation of treasury shares	19	(5.6)	–	5.6	–	–	–	–
Movement on treasury reserve	19	–	–	–	(11.0)	(11.0)	–	(11.0)
Credit to equity for equity-settled share-based payments	19	–	–	–	18.6	18.6	–	18.6
Tax on share-based payment transactions	4	–	–	(3.3)	–	(3.3)	–	(3.3)
Change in non-controlling interests		–	–	0.1	–	0.1	(0.8)	(0.7)
Transfer to/(from) retained earnings	19	–	–	34.7	(34.7)	–	–	–
Balance at 31 December 2021		510.5	1,594.5	(362.1)	(146.5)	1,596.4	0.8	1,597.2

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details. The impact of the restatement was a reduction in the opening reserves as at 1 January 2020 of \$5.3 million and a further loss for the year ended 31 December 2020 of \$6.9 million.



Accounting Policies of the Group

Basis of preparation

The financial statements have been prepared in accordance with IFRS adopted for use in the UK and therefore comply with Article 4 of the UK International Accounting Standards (IAS) Regulation and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared using the historical cost convention adjusted for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below. These policies have been consistently applied with the prior year except where noted.

New financial reporting requirements

A number of UK-endorsed amendments to existing standards and interpretations were effective for annual periods beginning on or after 1 January 2021 and have been applied in preparing the Consolidated Financial Statements of the Group. Other than those which are mentioned below, there is no impact on the Group Consolidated Financial Statements from applying these standards.

Change in accounting policy - Software as a service ('SaaS') arrangements

The Group has changed its accounting policy related to the capitalisation of certain software costs. This change follows the International Financial Reporting Interpretations Committee (IFRIC) agenda decision published in April 2021 regarding the capitalisation of cloud computing software implementation costs incurred under SaaS agreements.

The Group's accounting policy has historically been to capitalise all costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets, irrespective of whether the services were performed by the SaaS supplier or a third party. Following adoption of the above IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine whether the Group has identifiable intangible software assets over which we retain control. For those arrangements where we do not have identifiable intangible software assets which we control, SA wrote off the intangible asset previously capitalised. Amounts paid to a software supplier in advance of the commencement of the service period, including for configuration or customisation, are treated as prepayment.

This change in accounting policy led to adjustments amounting to a \$16.3 million net reduction in the intangible assets (including a \$6.5 million net reduction in the intangible assets recognised in the opening position as at 1 January 2020), and a \$4.1 million reduction in deferred tax liabilities recognised at 31 December 2020 (including a \$1.6 million reduction in the deferred tax liabilities recognised in the opening position as at 1 January 2020), and to a \$9.3 million increase in operating expenses in the year ended 31 December 2020.

Accordingly, the prior period Balance Sheet at 31 December 2020 has been restated in accordance with IAS 8. This change in accounting policy has led to the following restatements of Intangible Asset balances and Operating Expenses.

Impact on the Group Balance Sheet

	(As previously reported) 2020 \$m	Impact of restatement \$m	(restated) 2020 \$m
Intangible assets	924.6	(16.3)	908.3
Deferred tax liability	(96.8)	4.1	(92.7)
Other net assets/liabilities	762.3	-	762.3
Net assets	1,590.1	(12.2)	1,577.9
Retained earnings	(391.4)	(12.2)	(403.6)
Other equity balances	1,981.5	-	1,981.5
Net equity	1,590.1	(12.2)	1,577.9

The net asset value of Intangible assets and current assets is reduced by \$16.3 million attributed to the net of write off costs and amortisation reversed.

Impact on Group's Income Statement and Statement of Comprehensive Income

	(As previously reported) 2020 \$m	Impact of restatement \$m	(restated) 2020 \$m
Operating profit	104.6	(9.3)	95.3
Loss before tax from continuing operations	(24.2)	(9.3)	(33.5)
Loss for the year	(9.5)	(6.9)	(16.4)
Attributable to owners of the Company	(9.6)	(6.9)	(16.5)
Non-controlling interest	0.1	-	0.1
Total comprehensive loss for the year	(62.5)	(6.9)	(69.4)

Covid-19-Related Rent Concessions – amendments to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

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

- The change in lease payments 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 originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020).

Financial instruments

The Group chose to early-adopt the Phase I amendments Interest Rate Benchmark Reform – Amendments to IFRS 9/IAS 39 and IFRS 7 for the year ended 31 December 2019, which was mandatory for annual reporting periods beginning on or after 1 January 2020. Adopting these amendments allowed the Group to continue hedge accounting during the period of uncertainty that arose from interest rate benchmark reforms.

In the current year, the Phase II of the Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are effective. The Phase II amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

During the current year, the Group had in place fair value hedges where LIBOR-linked derivatives were designated as a fair value hedge of fixed rate debt in respect of the USD LIBOR risk component. The majority of the fixed rate debt was repaid in June 2021 from proceeds of the new debt facilities put in place to part finance the acquisition of Signature Aviation Limited by Brown Bidco Limited, a newly formed company owned by Blackstone Infrastructure and Blackstone Core Equity, Global Infrastructure Partners and Cascade Investment, which completed on 1 June 2021. Around the time of the acquisition, the fair value swaps which were in place to hedge a proportion of the US dollar fixed rate debt, were closed out and as at 31 December 2021, the Group did not have any outstanding fair value interest rate swap transactions.

The Group has in the past undertaken and may in the future undertake, cash flow interest rate hedges as part of its interest rate risk management policy which may expose the Group to US dollar LIBOR interest rates. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, US dollar LIBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

The Group will continue to apply the Phase I amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase II amendments when the contractual terms of the Group's borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group will change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

Financial reporting standards applicable for future financial periods

At the date of the Annual Report, the following standards and interpretations which have not been applied in the report were in issue but not yet effective (and in some cases had not been adopted by the UK). The Group will continue to assess the impact of these amendments prior to their adoption. These are:

- Amendments to IFRS 17 Insurance contracts - applicable for annual periods beginning 1 January 2023 (not yet endorsed by UK)
- Amendments to IAS 37 Onerous Contracts, Cost of fulfilling contract – applicable for annual periods beginning 1 January 2022
- Amendments to IAS 16 Property, Plant and Equipment, Proceeds before intended use - applicable for annual periods beginning 1 January 2022 (not yet endorsed by UK)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual improvements to IFRS Standards 2018-2020 - applicable for annual periods beginning 1 January 2022 (not yet endorsed by UK)
- Amendments to IFRS 3 References to Conceptual Framework - applicable for annual periods beginning 1 January 2022 (not yet endorsed by UK).

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, Signature Aviation Limited, and its subsidiary undertakings under the acquisition method of accounting.

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.



Accounting Policies of the Group continued

Goodwill on acquisitions represents the excess of the fair value of the consideration paid, the non-controlling interest, and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets, liabilities and contingent liabilities acquired. Where goodwill can only be determined on a provisional basis for a financial year, adjustments may be made to this balance for up to 12 months from the date of acquisition. Goodwill is capitalised and presented as part of intangible assets in the Consolidated Balance Sheet.

Goodwill is stated at cost less accumulated impairment losses and is tested for impairment on an annual basis.

Associated undertakings are those investments other than subsidiary undertakings where the Group is in a position to exercise a significant influence, typically through participation in the financial and operating policy decisions of the investee. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Consolidated Financial Statements include the Group's share of the post-acquisition reserves of all such companies less provision for impairment.

Going concern

The directors have adopted the going concern basis of accounting in the preparation of the financial statements. In making their assessment of the Group's ability to continue as a going concern, the Directors have considered the projected performance of the Group and its financial resources.

These are each discussed in detail below.

As at 31 December 2021, the Group's committed secured debt facilities comprise a \$1,394.0 million Term Loan B, due to expire in June 2028, and \$113.8 million senior notes due March 2028. Brown Group Holding LLC (an entity outside of the Signature Aviation consolidated group) is also a borrower under the Term Loan B and in addition has access to a secured, committed \$350 million multicurrency revolving credit facility (RCF).

These debt obligations and facilities are subject to cross default. Further details relating to these debt arrangements are provided in note 14 to the Consolidated Financial Statements. The debt facilities are secured through a first priority security interest in equity and assets of certain subsidiaries. The Term Loan B has a small amount of quarterly amortisation and no financial covenants. The senior notes do not contain any financial covenants, whilst the RCF (in the name of Brown Group Holding LLC) contains a springing first lien net leverage covenant of 8.50x which is tested when 40% of the RCF is drawn. The RCF was undrawn throughout the year. The RCF facility includes a sub-limit for the issuance of letters of credit (LC) and as at 31 December 2021 a LC for \$4.9 million had been issued under this facility which therefore reduces the RCF headroom available. The remaining amount under the US senior notes do not contain any financial covenants.

The Directors expect the Group to comply with its covenants for the foreseeable future.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities for the foreseeable future. In assessing this the directors have considered the uncertain economic outlook, including any future impact of the COVID-19 pandemic, and the impact this could have on trading performance. The principal risks and uncertainties affecting the forecasts and projections, to which the Group is exposed, relate to the number of hours of flying activity, principally in business and general aviation, but also to a lesser extent in commercial and military aviation. Flying hours largely dictate the drivers of revenue, namely fuel volumes in Signature.

The Directors have carried out a critical review of the Group's 2022 budget and medium-term plans with due regard for the ongoing impact of COVID-19 and wider risks and uncertainties to which the Group is exposed and the impact that these could have on trading performance. Given the global political and economic uncertainty resulting from the COVID-19 pandemic, in spite of this uncertainty the Group has been able to reforecast with reasonable accuracy to date throughout the COVID-19 pandemic.

The directors' assessment of going concern was carried out against a base case forecast for the continuing recovery in B&GA flight activity during 2022 and continuing throughout 2023. Having assessed the Group's risks, existing financing and performance the directors have concluded that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business combinations

On the acquisition of a business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets, liabilities and contingent liabilities acquired. Where the fair value of the total consideration, both paid and deferred, is different to the fair value of the identifiable separable assets, liabilities and contingent liabilities acquired, the difference is treated as purchased goodwill and capitalised or a bargain purchase gain and recognised in the Income Statement. Acquisition-related costs are recognised in the Income Statement as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to the acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Foreign currencies

Transactions in foreign currencies are translated into the entity's functional currency at the rate of exchange at the date of the transaction.

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in US dollars, the presentation currency for the Consolidated Financial Statements. The functional currency of the parent company is sterling.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is recognised in the Income Statement.

The income statements of operations of which the functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the year. The balance sheets of these operations, including associated goodwill, are translated into US dollars at the exchange rates ruling at the balance sheet date. All exchange differences arising on consolidation are recognised initially in other comprehensive income and only in the Income Statement in the period in which the entity is eventually disposed of.

All other translation differences are taken to the Income Statement, with the exception of differences on foreign currency borrowing and derivative instruments to the extent that they are used to provide a hedge against the Group's equity investments in overseas operations. These translation differences are recognised in other comprehensive income, together with the exchange difference on the net investment in those operations.

Goodwill and intangible assets arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate of exchange.

IFRS 16 Leases

IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change does not have an effect on the Group's Consolidated Financial Statements. Former finance leases are presented together with new leases taken on balance sheet as part of the transition to IFRS 16.

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

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

Lease payments included in the measurement of the lease liability include:

- Fixed lease payments (including in substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

In general, where extension options exist, the Group recognises these as part of the lease liability as invariably these are exercised. The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using the discount rate appropriate at that point in time.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in the floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

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

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognised and measured under IAS 37 and included in the related right of use asset.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease, with the exception of leases in existence at the transition date to the standard, 1 January 2019. These leases are depreciated over the shorter period of the remaining lease term at transition and the useful life of the underlying asset. With the exception of certain engine leases within our ERO discontinued operations, the Group does not have any leases that include purchase or transfer options of the underlying asset.

The right of use assets are presented as a separate line item on the Consolidated Statement of Financial Position, however the categories used in note 8 to the Consolidated Financial Statements are the same as those used for owned tangible assets – namely Land and buildings and Fixtures and equipment.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. These include 'Minimum Annual Guarantee' shortfall clauses. A limited number of FBO locations in the United States include these clauses. These are linked to the pass through of concession fees collected on behalf of the airport authority, for services the airport authority provides where Signature acts as collecting agent. The concession fee pass through is ultimately linked to the level of flight activity in any given year. Should activity drop below a certain threshold a variable rental payment is required. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur and are generally included within cost of sales in the Consolidated Income Statement.



Accounting Policies of the Group continued

Subleasing

The Group has several contracts in place to rent space or assets to third parties, predominantly across its FBO portfolio.

The Group assesses these contracts to determine firstly whether they constitute leases under IFRS 16, and secondly, where they do, to assess whether these should be accounted for as a finance sublease.

Where such contracts constitute leases, the assessment considers both the term of the master lease against any subcontract; and the present value of the master lease liability against the present value of the subcontract rental income stream.

Where finance subleases exist the associated right of use asset is derecognised and instead a receivable recognised from the lessee (also referred to as 'net investment in the sublease'). The lease liability pertaining to the master lease remains unaffected.

Revenue recognition

IFRS 15 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard is based on a five-step approach to revenue recognition – identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations; and finally recognising the revenue as those performance obligations are satisfied.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service or service to a customer.

IFRS 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker (CODM) in order to evaluate the financial performance of the entity.

Signature

Signature recognises revenue from the following major income streams:

- Fuelling
- Property management
- Ground handling
- Technical services.

Fuelling revenue is recognised as a sale of goods when all of the performance obligations are completed, typically upon delivery. Property management revenue is recognised over a period of time based on the performance obligations of the contract. Ground handling revenue is recognised as the service is completed. Technical service revenue is recognised at a point in time upon satisfaction of the performance obligation in the contract.

Additionally, the Group acts as an agent when collecting certain fees from customers on behalf of airport authorities.

Engine Repair & Overhaul

Engine Repair & Overhaul revenue and associated profit on engine overhauls are recognised over time once the terms of the contract have been agreed with the customer and the ultimate profitability of the contract can be determined with reasonable certainty. The recognition over time is based on hours incurred compared with management's best estimate of the total hours of production as this is the most faithful depiction of the progress of services. Payment is typically received after an engine is shipped. As a result, a contract receivable is recognised on the Balance Sheet.

Within the Engine Repair & Overhaul business, revenue and associated profit are recognised on engine sales. Where the engine sold is subsequently leased back, the revenue and associated profit are only recognised where the lease can be categorised as an operating lease.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Operating profit

Operating profit is stated after charging exceptional and other items and after the share of results of associates and joint ventures but before investment income and finance costs.

Exceptional items are items which are material or non-recurring in nature, and include costs relating to acquisitions which are material to the associated business segment, costs related to strategic disposals (including those previously completed) and significant restructuring programmes some of which span multiple years. Other items include the amortisation of acquired intangibles accounted for under IFRS 3.

Underlying operating profit is calculated as operating profit before exceptional and other items (see note 2).

Alternative Performance Measures (APMs)

In the reporting of financial information, the directors have adopted various APMs. The Group's results are principally discussed on an 'adjusted' and/or 'underlying' basis. Results on an adjusted basis are presented before exceptional and other items. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

All APMs have been defined, explained and reconciled to the nearest IFRS measure as set out in note 28.

Intangible assets

Licences and contracts that are acquired separately are stated at cost less accumulated amortisation and impairment. Amortisation is provided for on a straight-line basis over the useful life of the asset.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. For SaaS arrangements, we capitalise costs only relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software exists. Amortisation is provided on the cost of software and is calculated on a straight-line basis over the useful life of the software.

Intangible assets, other than goodwill, arising on acquisitions are capitalised at fair value. An intangible asset will be recognised as long as the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably. Amortisation is provided on the fair value of the asset and is calculated on a straight-line basis over its useful life, which typically is the term of the licence or contract.

Property, plant and equipment

Property, plant and equipment is stated in the Balance Sheet at cost less accumulated depreciation and provision for impairment. Depreciation is provided on the cost of property, plant and equipment less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Freehold buildings	40 years maximum
Leasehold buildings	Shorter of useful life or lease term
Fixtures and equipment (including essential commissioning costs)	3–20 years

Tooling, vehicles, computer and office equipment are categorised within fixtures and equipment.

Finance costs which are directly attributable to the construction of major items of property, plant and equipment are capitalised as part of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Right of use assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognised and measured under IAS 37 and included in the related right of use asset.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. With the exception of certain engine leases within our Engine Repair & Overhaul (ERO) discontinued operations, the Group does not have any leases that include purchase or transfer options of the underlying asset.

Impairment of goodwill, intangible assets, property, plant and equipment, and right of use assets

At each balance sheet date, the Group reviews the carrying value of its goodwill, intangible and tangible 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. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The 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. The risks specific to the asset are reflected as an adjustment to the future estimated cash flows.

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 the Income Statement.

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 as income immediately. Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

Inventories

Inventory is stated at the lower of cost and net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods. Cost is calculated using the first-in first-out method in the Signature segment, and weighted average method in the discontinued operations. Provision is made for slow-moving or obsolete inventory as appropriate.

Associates and joint ventures

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or joint venture. Associates and joint ventures are initially recognised in the Consolidated Balance Sheet at cost. Subsequently associates and joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the associate or joint venture unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates and joint ventures are recognised only to the extent of unrelated investors' interests in the associate or joint venture. The investor's share in the associate's or joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the associate or joint venture.

Any premium paid for an associate or joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate or joint venture. Where there is objective evidence that the investment in an associate or joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Derivative financial instruments and hedge accounting

Derivative financial instruments utilised by the Group comprise interest rate swaps and foreign exchange contracts. All such instruments are used for hedging purposes to manage the risk profile of an underlying exposure of the Group in line with the Group's risk management policies. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.



Accounting Policies of the Group continued

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

When the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

The ineffective portion of such gains and losses is recognised immediately within other gains and losses in the Income Statement.

Hedges of net investments in non-US dollar territories are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately, and is included within operating profit. Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Changes in the fair value of the foreign exchange contracts which do not qualify for hedge accounting are recognised within operating profit in the Income Statement as they arise.

Fair value hedges are undertaken as part of the Group's policy for managing interest rate risk. Changes in value of fair value hedges are immediately recognised within interest in the Income Statement and are offset by changes in fair value of the underlying borrowing. Any ineffectiveness on fair value hedges is recognised immediately in the Income Statement.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Other financial instruments

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are accounted for at the trade date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deemed deposits, and other short-term highly liquid investments with original maturities of three months or less which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables excluding derivative assets are initially recognised at fair value and do not carry any interest and are stated at nominal value as reduced by appropriate loss allowances for estimated irrecoverable amounts having considered expected losses as required by IFRS 9. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, the days past due and anticipated changes in economic conditions.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are initially recognised at fair value and classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Borrowings

Interest-bearing loans and overdrafts are initially recorded at fair value, which equates to proceeds less direct issue costs at inception. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method, except where they are identified as a hedged item in a fair value hedge. Any difference between the proceeds, net of transaction costs, and the amount due on settlement is recognised in the Income Statement over the term of the borrowings.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade and other payables

Trade payables, excluding derivative liabilities, are not interest bearing and are stated at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments measured through other comprehensive income (FVTOCI)

FVTOCI are non-derivatives that are either designated as FVTOCI or are not classified as financial assets at fair value through profit or loss.

The Group holds investments in unlisted shares that are not traded in an active market but that are classified as FVTOCI and stated at fair value (because the Directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment's revaluation reserve with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment's revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and trade receivables, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lease liabilities

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

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

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received on settlement of a related provision and the amount of the receivable can be measured reliably.

Insurance

Provisions are recognised for self-insured risks as the cover is provided.

The provisions cover both known claims and claims incurred but not reported. Provisions are made for the associated costs based on an assessment of the specific risk or expected claims development for risks that are incurred but not reported. The estimates of current and ultimate risk exposure are made with the aid of an actuary or other suitably qualified third party.

Discontinued operations

Provisions for environmental and other liabilities relating to businesses that have been disposed of by the Group in prior years are classed as discontinued.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, and comprises those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Environmental

Environmental provisions relate to environmental liabilities within continuing operations of the Group. These liabilities relate predominantly to the Group's current and historic property portfolios. The liabilities have an expected life of up to ten years.

Post-retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement benefit schemes, the cost is determined using the projected unit credit method, with valuations under IAS 19 (revised) being carried out annually as at 31 December. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of profit or loss and presented in the Statement of Comprehensive Income.

The service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs, and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.

Defined benefit scheme contributions are determined by valuations undertaken by independent qualified actuaries.



Accounting Policies of the Group continued

Share-based payments

The Group operates a number of cash and equity-settled share-based compensation plans. The fair value of the compensation is recognised in the Income Statement as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black-Scholes calculations and Monte Carlo simulations. For cash-settled options, the fair value of the option is revisited at each balance sheet date. For both cash and equity-settled options, the Group revises its estimates of the number of options that are expected to become exercisable at each balance sheet date.

Taxation

The charge for taxation is based on the profit for the year and comprises current and deferred taxation. Current tax is calculated at tax rates which have been enacted or substantively enacted as at the balance sheet date.

Deferred taxation takes into account taxation deferred due to temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is accounted for using the balance sheet liability method and is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

An uncertain tax provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The uncertain tax provisions are reported within current liabilities and measured using the most likely amount approach.

Examples of activities for which the Group experiences tax uncertainties include but are not limited to transfer pricing under the application of Organisation for Economic Co-operation and Development (OECD) transfer pricing principles and the deductibility of interest payable resulting from the Group's financing arrangements.

The provision for uncertainties is established based on the management judgement of senior tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. The methodology for establishing provisions for tax uncertainties has been consistently applied with the prior year and consistent with IFRIC 23 'Uncertainty over Income Tax Treatments'.

No provision is made for temporary differences on unremitted earnings of foreign subsidiaries, joint ventures or associates where the Group has control and the reversal of the temporary difference is not foreseeable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates which have been enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited to the Statement of Comprehensive Income, in which case the deferred tax is also dealt with in the Statement of Comprehensive Income.

Assets and associated liabilities classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are classified as held for sale if their net carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has concluded that for 2021 there are no critical accounting judgements or sources of estimation uncertainty.

As detailed in the Risk management section of the Annual Report, climate change has not been identified as a principal risk and we are actively responding to the emerging risk through new initiatives mitigating the impact on operations, through carbon reduction strategies and through a managed programme of replacing end of life equipment with energy efficient alternatives. Our critical accounting judgements are not impacted as the Group's recoverable amount has been determined based on fair value less costs to sell and the asset replacement programme is being managed in line with equipment reaching end of life.

Notes to the Consolidated Financial Statements

1. Revenue

Geographical segments	Revenue by destination \$m	Revenue by origin \$m
2021		
United Kingdom	41.3	139.2
Mainland Europe	174.7	59.0
North America	2,212.5	2,325.3
Rest of World	102.7	7.7
Total from continuing and discontinued operations	2,531.2	2,531.2
Less ERO discontinued operations ¹	(245.8)	(245.8)
Total from continuing operations	2,285.4	2,285.4
2020		
United Kingdom	61.0	147.6
Mainland Europe	133.7	34.4
North America	1,632.1	1,721.9
Rest of World	94.5	17.4
Total from continuing and discontinued operations	1,921.3	1,921.3
Less ERO discontinued operations	(507.4)	(507.4)
Total from continuing operations	1,413.9	1,413.9

An analysis of the Group's revenue for the year is as follows:

	Revenue from sale of goods		Revenue from services	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Signature	1,712.3	970.1	573.1	443.8
Discontinued operations	15.8	25.6	230.0	481.8
Total from continuing and discontinued operations	1,728.1	995.7	803.1	925.6
Less ERO discontinued operations ¹	(15.8)	(25.6)	(230.0)	(481.8)
Total from continuing operations	1,712.3	970.1	573.1	443.8

¹ ERO discontinued operations Revenue is only for the period until 1 July 2021.

A portion of the Group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. Revenue from the sale of goods of \$1,728.1 million (2020: \$995.7 million) includes a loss of \$0.1 million (2020: \$0.2 million) in respect of the recycling of the effective amount of foreign currency derivatives used to hedge foreign currency revenue.



Notes to the Consolidated Financial Statements continued

2. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

Exceptional and other items

Underlying profit is shown before exceptional and other items on the face of the Income Statement. Exceptional items are items which are material or non-recurring in nature, and include costs relating to acquisitions which are material to the associated business segment, costs related to strategic disposals (including those previously completed) and significant restructuring programmes some of which span multiple years. This is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Leadership Team, and assists in providing a meaningful analysis of the trading results of the Group.

Other items includes amortisation of acquired intangibles accounted for under IFRS 3. The Directors consider that this gives a useful indication of underlying performance and better visibility of Key Performance Indicators. Exclusion of amortisation of acquired intangibles accounted for under IFRS 3 from the Group's underlying results assists with the comparability of the Group's underlying profitability with peer companies.

All Alternative Performance Measures are reconciled to IFRS measures and explained in note 28.

Exceptional and other items on discontinued operations are presented in note 26. Exceptional and other items on continuing operations are as follows:

Notes	Administrative expenses 2021 \$m	Other operating expenses 2021 \$m	Restructuring costs 2021 \$m	Total 2021 \$m	Administrative expenses 2020 \$m	Other operating expenses 2020 \$m	Restructuring costs 2020 \$m	Total 2020 \$m
Restructuring expenses								
ERO Middle East	-	-	-	-	-	-	0.9	0.9
Paris-Le Bourget FBO T3 closure	-	-	-	-	-	-	7.5	7.5
Central costs rationalisation	-	-	0.1	0.1	-	-	0.2	0.2
Other								
Amounts related to previously disposed businesses	-	2.3	-	2.3	-	5.0	-	5.0
Pension GMP equalisation	-	-	-	-	-	0.9	-	0.9
Acquisition-related								
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3	72.0	-	-	72.0	73.7	-	-	73.7
Operating loss on continuing operations	72.0	2.3	0.1	74.4	73.7	5.9	8.6	88.2
Impairment loss	6	-	-	22.5	-	-	-	4.6
Gain on remeasurement of investment in associates and joint ventures	-	-	-	(1.1)	-	-	-	-
Gain on disposal of investment	-	-	-	-	-	-	-	(2.0)
Transaction costs	-	-	-	76.0	-	-	-	2.8
Investment income	3	-	-	(34.2)	-	-	-	-
Financing costs	3	-	-	39.0	-	-	-	-
Loss before tax on continuing operations				176.6				93.6
Tax credit on exceptional and other items	-	-	-	(38.9)	-	-	-	(23.9)
Loss for the year on continuing operations, net of tax				137.7				69.7
Loss from ERO discontinued operations, net of tax	-	-	-	37.0	-	-	-	36.1
Profit from Ontic discontinued operations, net of tax	-	-	-	-	-	-	-	(9.3)
Total exceptional and other items, net of tax				174.7				96.5

Net free cash flow from exceptional items was an outflow of \$3.3 million (2020: outflow of \$28.6 million). Net cash flow from other items was \$nil (2020: \$nil). Net cash flow from exceptional items including completed disposals was an inflow of \$34.3 million (2020: inflow of \$0.9 million).

The impairment loss of \$22.5 million relates to the write-off of right to operate intangibles of FBOs closed by the Group during the year (2020: \$4.6 million). The \$1.1 million gain on remeasurement of investment in associates and joint ventures relates to the Group's Signature STT, LLC (STT) investment which changed from being an associate to a fully consolidated subsidiary during the year. The \$2.0 million gain on disposal in 2020 relates to the disposal of the Group's investment in Gama Aviation Holdings LLC.

The Group incurred \$76.0 million of transaction costs relating to the Brown Bidco Group's acquisition of Signature Aviation Group which was completed on 1 June 2021 (2020: \$2.8 million costs).

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2. Profit for the year continued

Exceptional interest income relates to the close-out of interest rate swaps prior to the acquisition of Signature Aviation Limited by Brown Bidco Limited that was hedging the \$1,150 million US senior notes.

Exceptional finance costs relate to the write-off of capitalised issue costs for the partial redemption of the \$1,150 million US senior notes as well as the termination of the multicurrency revolving credit facility prior to the acquisition of Signature Aviation Limited by Brown Bidco Limited. In addition, interest on the US senior notes was also paid prior to the acquisition which was classified as exceptional finance costs.

Other	2021 \$m	2020 \$m
Expenses relating to variable lease payments not included in the measurement of lease liabilities	12.6	34.1
Net foreign exchange gain	0.2	1.4
Depreciation of property, plant and equipment	70.5	68.5
Depreciation of right of use assets	83.2	83.2
Amortisation of intangible assets (included in administrative expenses) (restated ¹)	77.5	80.0
Total depreciation and amortisation expense	231.2	231.7
Total employee costs from continuing operations (note 5)	336.4	218.9
Cost of inventories recognised as an expense within cost of sales (restated ²)	1,304.5	935.7

The analysis of auditor's remuneration is as follows:	2021 \$m	2020 \$m
Fees payable to the Company's auditor for the audit of the Group's annual accounts	1.0	1.0
The audit of the Company's subsidiaries pursuant to legislation	1.0	0.3
Total audit fees	2.0	1.3
Audit-related assurance services	–	0.2
Tax advisory and compliance services	1.8	–
Total fees payable to the Company's auditor	3.8	1.5

1 The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

2 The 2020 comparative has been restated from \$1,074.0 million as originally reported to remove amounts erroneously included.

3. Investment income and finance costs

	2021 \$m	2020 \$m
Interest on bank deposits	1.2	0.6
Interest on sublease assets	1.5	1.6
Underlying investment income	2.7	2.2
Exceptional interest income (note 2)	34.2	–
Total investment income	36.9	2.2
Total investment income from continuing operations	36.9	2.2
Interest on bank loans and overdrafts	(9.3)	(7.9)
Interest on Term Loan B	(21.3)	–
Interest on US senior notes	(25.5)	(52.9)
Interest on lease liabilities	(77.4)	(77.0)
Net finance income/(expense) from pension schemes	(0.8)	0.2
Other finance costs	(1.4)	(1.8)
Total borrowing costs	(135.7)	(139.4)
Less amounts included in the cost of qualifying assets	3.0	1.5
Fair value gains on interest rate swaps designated as cash flow hedges transferred from equity	–	–
Fair value gains on interest rate swaps designated as fair value hedges	4.7	8.3
Underlying finance costs	(128.0)	(129.6)
Exceptional finance costs (note 2)	(39.0)	–
Total finance costs	(167.0)	(129.6)



Notes to the Consolidated Financial Statements continued

3. Investment income and finance costs continued

	2021 \$m	2020 \$m
Total finance costs	(167.0)	(129.6)
Finance costs from ERO discontinued operations	(2.0)	(4.0)
Finance costs from continuing operations	(165.0)	(125.6)
Net underlying finance costs	(125.3)	(127.4)
Net exceptional finance costs	(4.8)	–
Net finance costs	(130.1)	(127.4)
Net finance costs from ERO discontinued operations	(2.0)	(4.0)
Net finance costs from continuing operations	(128.1)	(123.4)

Finance costs from discontinued operations include \$1.7 million (2020: \$3.5 million) with respect to interest on lease liabilities under IFRS 16.

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.59% (2020: 4.59%) to expenditure on such assets, which represents the weighted average interest rate for the currency in which the expenditure has been made.

Interest amounts included in the cost of qualifying assets carry tax relief at the prevailing rate of tax in the relevant jurisdiction as amortised through the Income Statement, with an associated increase in deferred tax liability in the year amounting to \$0.3 million (2020: \$1.0 million decrease in deferred tax liability).

4. Income tax

Recognised in the Income Statement	2021 \$m	2020 \$m
Current tax expense	19.0	17.0
Adjustments in respect of prior years – current tax	(0.1)	(30.0)
Current tax	18.9	(13.0)
Deferred tax	7.0	(21.3)
Adjustments in respect of prior years – deferred tax	0.3	24.3
Deferred tax (note 18)	7.3	3.0
Income tax (credit)/expense for the year from continuing and discontinued operations	26.2	(10.0)
Less: ERO discontinued operations	(7.4)	(0.3)
Less: Ontic discontinued operations	–	2.7
Income tax expense/(credit) for the year from continuing operations	18.8	(7.6)

UK income tax is calculated at 19% (2020: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax credit to the year ended 31 December 2021 includes a tax credit of \$38.9 million (2020: \$23.9 million) relating to exceptional and other items.

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4. Income tax continued

The total charge for the year can be reconciled to the accounting profit as follows:

	2021 \$m	2020 \$m
Profit/(loss) before tax on continuing operations	61.4	(33.5)
Tax at the rates prevailing in the relevant tax jurisdictions 26.0% (2020: 25.4%)	16.0	(8.5)
Tax effect of expenses that are not deductible in determining taxable profit	1.4	0.3
Items on which deferred tax has not been recognised	0.7	–
Tax rate changes	(3.0)	0.3
Difference in tax rates on overseas earnings	3.4	0.8
Adjustments in respect of prior years	0.3	(0.5)
Tax expense/(credit) for the year on continuing operations	18.8	(7.6)

The applicable tax rate of 26.0% (2020: 25.4%) represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen.

Tax credited/(expensed) to other comprehensive income and equity is as follows:

	2021 \$m	2020 \$m
Recognised in other comprehensive income		
Tax on items that will not be reclassified subsequently to profit or loss		
Current tax other	–	–
Deferred tax credit on actuarial gains	6.5	6.6
	6.5	6.6
Tax on items that may be reclassified subsequently to profit or loss		
Current tax charge on foreign exchange movements	–	(1.3)
	–	(1.3)
Total tax credit within other comprehensive income	6.5	5.3
Recognised in equity		
Deferred tax (charge)/credit on share-based payments movements	(3.3)	1.3
Total tax (charge)/credit within equity	(3.3)	1.3
Total tax credit within other comprehensive income and equity	3.2	6.6



Notes to the Consolidated Financial Statements continued

5. Employees

Average monthly number (including executive directors)	2021 number	2020 number
By segment		
Signature	4,625	4,122
Discontinued operations ¹	561	1,098
Total employment numbers by segment from continuing and discontinued operations	5,186	5,220
By region		
United Kingdom	448	584
Mainland Europe	225	196
North America	4,483	4,415
Rest of World	30	25
Total average employees by region from continuing and discontinued operations	5,186	5,220
Total average employees from continuing operations	4,625	4,122
Total average employees from ERO discontinued operations ¹	561	1,098
	2021 \$m	2020 \$m
Employment costs		
Wages and salaries ²	350.4	283.9
Social security costs	24.9	20.9
Pension costs ³ (note 17)	10.5	9.9
Total employment costs from continuing and discontinued operations	385.8	314.7
Total employment costs from continuing operations	336.4	218.9
Total employment costs from ERO discontinued operations	49.4	95.8

1 The average employees for ERO is calculated for the period up to 1 July 2021.

2 Wages and salaries for 2021 are presented net of \$6.5 million (2020: \$61.2 million) CARES funding received from the US Treasury Department (see note 25).

3 Included within pension costs are \$nil (2020: \$0.9 million) of exceptional costs related to GMP equalisation as detailed in note 17.

Directors' Remuneration

Directors' Remuneration in respect of services of the Group were as follows:

	2021		2020	
	Total \$m	Highest paid director \$m	Total \$m	Highest paid director \$m
Aggregate remuneration	4.9	1.8	1.9	0.7
Share-based payments	5.9	3.9	1.4	0.9
Post-employment benefits	0.2	0.1	0.2	0.1
Total	11.0	5.8	3.5	1.7

In the year ended 31 December 2021, Directors' remuneration includes discretionary compensation while no discretionary compensation was paid in the year ended 31 December 2020.

In the year ended 31 December 2021 \$3.5 million was paid as a result of Directors' end of employment (2020: \$nil).

There were no loans made to a Director in the year ended 31 December 2021 (2020: \$nil).

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6. Intangible assets

	Goodwill 2021 \$m	Licences and contracts 2021 \$m	Computer software 2021 \$m	Total 2021 \$m	Goodwill 2020 \$m	Licences and contracts 2020 \$m	Computer Total ¹ 2020 \$m	Total ¹ 2020 \$m
Cost								
Beginning of year (restated ¹)	1,124.0	1,322.8	54.1	2,500.9	1,111.1	1,301.3	45.6	2,458.0
Exchange adjustments	(4.6)	(2.3)	–	(6.9)	6.1	3.2	–	9.3
Acquisition of businesses (note 23)	55.2	228.1	0.1	283.4	6.8	17.8	–	24.6
Additions (restated ¹)	–	–	6.9	6.9	–	0.7	2.6	3.3
Impairments and write downs	–	(28.7)	(2.5)	(31.2)	–	(0.2)	–	(0.2)
Transfers from other asset categories	–	–	0.8	0.8	–	–	5.9	5.9
End of year	1,174.6	1,519.9	59.4	2,753.9	1,124.0	1,322.8	54.1	2,500.9
Accumulated amortisation and impairment								
Beginning of year (restated ¹)	–	(436.9)	(31.7)	(468.6)	–	(361.6)	(25.7)	(387.3)
Exchange adjustments	–	1.0	–	1.0	–	(1.5)	–	(1.5)
Amortisation charge for the year (restated ¹)	–	(72.3)	(5.2)	(77.5)	–	(74.0)	(6.0)	(80.0)
Impairments and write downs	–	7.4	1.5	8.9	–	0.2	–	0.2
End of year	–	(500.8)	(35.4)	(536.2)	–	(436.9)	(31.7)	(468.6)
Carrying amount								
End of year	1,174.6	1,019.1	24.0	2,217.7	1,124.0	885.9	22.4	2,032.3
Beginning of year	1,124.0	885.9	22.4	2,032.3	1,111.1	939.7	19.9	2,070.7

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

Included within the amortisation charge for intangible assets of \$77.5 million (2020: \$80.0 million) is amortisation of \$72.0 million (2020: \$73.7 million) in relation to the amortisation of intangible assets acquired and valued in accordance with IFRS 3 and disclosed within exceptional and other items.

Licences and contracts are amortised over the period to which they relate, which is on average 16 years (2020: 16 years) but with a wider range, with some up to 50 years in duration. Computer software is amortised over its estimated useful life, which is on average five years (2020: five years). The cumulative impairment at 31 December 2021 was \$22.3 million (2020: \$0.3 million).

The impairment loss relates to the write-off of right to operate intangibles of FBOs closed by the Group during the year.

The Group has changed its accounting policy related to the capitalisation of certain software costs. This change follows the IFRIC agenda decision published in April 2021 regarding the capitalisation of cloud computing software implementation costs incurred under SaaS agreements. This has led to a prior year restatement as explained in the Accounting Policies of the Group on page 22.

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows and reflects aggregated CGUs for the purposes of allocating goodwill:

	2021 \$m	2020 \$m
Signature	1,174.6	1,124.0
Total goodwill	1,174.6	1,124.0

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has determined the recoverable amount of each CGU from value-in-use calculations. The value-in-use calculations are based on cash flow forecasts derived from the most recent budgets and detailed financial projections for the next five years, as approved by management, with a terminal growth rate after five years. The resultant cash flows are discounted using a pre-tax discount rate.



Notes to the Consolidated Financial Statements continued

6. Intangible assets continued

Goodwill continued

Key assumptions

The key assumptions for the value-in-use calculations are as follows:

Sales volumes, selling prices and cost increases over the five years covered by management's detailed plans

Sales volumes are based on industry forecasts and management estimates for the businesses, including forecasts for B&GA flying hours, aircraft engine cycles and military spending. Selling prices and cost increases are based on past experience and management expectations of future changes in the market. Cost inflation of 3% has been applied to administration costs. The extent to which these assumptions affect the Group are described below. Note, fuel inflation/price changes are passed on to customers.

Signature operates in the B&GA market. Signature is the world's largest and market-leading Fixed Base Operation (FBO) network for business aviation providing full services support for B&GA travel, focused on passenger handling and customer amenities such as refuelling, hangar and office rentals, and other technical services. In B&GA, growth is measured principally in relation to B&GA flying hours. Over the longer term, the key drivers for B&GA remain intact – continued growth in GDP and total wealth, the increasing value of people's time, corporate confidence and corporate activity levels all point to improving sentiment.

Growth rates used for the periods beyond those covered by management's detailed plans

Growth rates are derived from management's estimates, which take into account the long-term nature of the industry and external industry forecasts of long-term growth.

An estimated long-term growth rate of 1.7% (2020: 1.9%) has been used for Signature which reflects forecast long-term US GDP growth.

Discount rates applied to future cash flows

The Group's pre-tax weighted average cost of capital (WACC) has been used as the foundation for determining the discount rates to be applied.

The discount rate used for the impairment review of Signature was 7.6%. The methodology for the current year changed to value-in-use calculations whereas in the prior year the Group determined the recoverable amount of the Signature by assessing its fair value less costs of disposal relating to the firm offer of \$5.62 per share by Brown Bidco Limited.

Sensitivity analysis

Management has concluded that for the Group, no reasonably foreseeable change in the key assumptions used in the impairment model would result in a significant impairment charge being recorded in the financial statements.

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7. Property, plant and equipment

	Land and buildings 2021 \$m	Fixtures and equipment 2021 \$m	Total 2021 \$m	Land and buildings 2020 \$m	Fixtures and equipment 2020 \$m	Total 2020 \$m
Cost or valuation						
Beginning of year	1,186.9	145.9	1,332.8	1,151.1	141.9	1,293.0
Exchange adjustments	(1.4)	(0.9)	(2.3)	3.2	0.6	3.8
Acquisition of businesses	60.8	2.7	63.5	0.7	0.2	0.9
Additions	61.9	23.2	85.1	52.2	12.0	64.2
Disposals	(0.2)	(3.0)	(3.2)	(5.4)	(2.8)	(8.2)
Asset write downs	(5.4)	(1.9)	(7.3)	(8.0)	(5.4)	(13.4)
Transfers (to)/from other asset categories	(7.3)	5.9	(1.4)	(6.9)	(0.6)	(7.5)
End of year	1,295.3	171.9	1,467.2	1,186.9	145.9	1,332.8
Accumulated depreciation and impairment						
Beginning of year	(506.6)	(94.1)	(600.7)	(454.7)	(88.9)	(543.6)
Exchange adjustments	0.7	0.6	1.3	(1.2)	(1.4)	(2.6)
Depreciation charge for the year	(57.9)	(12.6)	(70.5)	(56.9)	(11.6)	(68.5)
Disposals	–	2.4	2.4	1.9	2.5	4.4
Asset write downs	2.6	1.7	4.3	4.3	4.5	8.8
Transfers to other asset categories	3.7	(3.0)	0.7	–	0.8	0.8
End of year	(557.5)	(105.0)	(662.5)	(506.6)	(94.1)	(600.7)
Carrying amount						
End of year	737.8	66.9	804.7	680.3	51.8	732.1
Beginning of year	680.3	51.8	732.1	696.4	53.0	749.4

	2021	2020
	\$m	\$m

Capital commitments

Capital expenditure contracted for but not provided for continuing and discontinued operations	107.0	120.3
Capital expenditure contracted for but not provided for continuing operations	107.0	120.3

Where assets have been written down or impaired, the recoverable amount has been determined by reference to the higher of fair value or value in use.

The amounts disclosed above for asset write downs are attributable to \$3.0 million (2020: \$4.6 million) in Signature.



Notes to the Consolidated Financial Statements continued

8. Right of use assets

Signature Aviation holds property and equipment under leasing arrangement that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 103 years (2020: 104 years) in duration. The majority of the lease liability relates to long-term leases on Signature's FBO network.

Information in respect of maturity analysis of lease liabilities is set out in note 15. The amounts recognised for right of use assets, including the carrying amount, additions and depreciation for continuing operations, are set out below:

	Land and buildings 2021 \$m	Fixtures and equipment 2021 \$m	Total 2021 \$m	Land and buildings 2020 \$m	Fixtures and equipment 2020 \$m	Total 2020 \$m
Cost or valuation						
Beginning of year	1,087.6	55.2	1,142.8	1,134.6	54.2	1,188.8
Exchange adjustments	(2.2)	–	(2.2)	5.1	0.2	5.3
Acquisition of businesses	11.3	–	11.3	5.1	–	5.1
Additions	125.8	15.1	140.9	–	12.5	12.5
Lease changes ¹	39.6	(0.3)	39.3	(8.0)	(0.7)	(8.7)
Asset write downs	(10.4)	–	(10.4)	(1.5)	(0.4)	(1.9)
Expired leases	(10.9)	(5.7)	(16.6)	(47.7)	(10.6)	(58.3)
End of year	1,240.8	64.3	1,305.1	1,087.6	55.2	1,142.8

Accumulated depreciation and impairment

Beginning of year	(100.2)	(15.3)	(115.5)	(75.5)	(13.8)	(89.3)
Depreciation charge for the year	(72.9)	(10.3)	(83.2)	(71.2)	(12.0)	(83.2)
Exchange adjustments	0.8	–	0.8	(1.2)	(0.1)	(1.3)
Expired leases	10.9	5.7	16.6	47.7	10.6	58.3
Asset write downs	2.5	–	2.5	–	–	–
End of year	(158.9)	(19.9)	(178.8)	(100.2)	(15.3)	(115.5)

Carrying amount

End of year	1,081.9	44.4	1,126.3	987.4	39.9	1,027.3
Beginning of year	987.4	39.9	1,027.3	1,059.1	40.4	1,099.5

¹ Lease changes comprise contract modifications and increases as a result of payments linked to a variable index, such as CPI.

As at 31 December 2021, there were no right of use assets balances (2020: \$28.7 million) included within assets held for sale due to the disposal of ERO (see note 24).

9. Interests in associates and joint ventures

Details of associates and joint ventures

Details of each of the Group's associates and joint ventures at the end of the reporting period are as follows:

Name of associate or joint venture	Nature of relationship	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Group	
				2021	2020
Hong Kong Business Aviation Centre Limited	Associate	Aviation	Hong Kong	10%	10%
Hong Kong Business Aviation Centre (China) Limited	Associate	Aviation	Hong Kong	10%	10%
Page Avjet Fuel Co LLC	Associate	Aviation	United States	50%	50%
Signature STT LLC ¹	Associate	Aviation	United States	–	49%
Aviation Occupant Safety, LLC	Associate	Aviation	United States	35%	35%
Jacksonville Jetport LLC	Joint venture	Aviation	United States	50%	50%
Signature Canada FBO Services, Inc	Joint venture	Aviation	United States	75%	75%
GB Aviation Holdings LLC	Joint venture	Aviation	United States	50%	50%
Long Beach Fuel Consortium LLC	Joint venture	Aviation	United States	–	–
FBOASE, LLC	Joint venture	Aviation	United States	53%	53%

¹ On 9 September 2021 the Group acquired the remaining 51% of Signature STT LLC (see note 23) and this company was fully consolidated at year end.

All of the above associates and joint ventures are accounted for using the equity method in these Consolidated Financial Statements as set out in the Group's accounting policies. The management accounts of these entities are used to consolidate the results to 31 December 2021 within these financial statements.

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9. Interests in associates and joint ventures continued

Dividends received from the associates and joint ventures below represent the actual amounts attributable and hence received by the Group.

	2021 \$m	2020 \$m
Summary of results		
Associates		
Group's share of profits of associates	1.7	3.1
Less: Dividends received	(2.2)	(2.2)
	(0.5)	0.9
Joint ventures		
Group's share of profits of joint ventures	1.1	0.9
Less: Dividends received	(1.0)	(0.5)
	0.1	0.4
Total		
Group's share of profits of associates and joint ventures	2.8	4.0
Less: Dividends received	(3.2)	(2.7)
Total	(0.4)	1.3

Summarised financial information for joint ventures and associates

The summarised financial information in respect of the Group's material associates and joint ventures presented in the below tables reflects amounts presented in the financial statements of the relevant joint ventures and associates, and not the Group's share of those amounts. These amounts have been adjusted to conform to the Group's accounting policies where required.

	Hong Kong Business Aviation Centre Limited		Page Avjet Fuel Co LLC ¹		Signature STT LCC ²	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Associates						
Summarised balance sheet						
Current assets	26.5	36.3	75.3	61.0	–	6.9
Non-current assets	97.6	74.5	–	–	–	–
Total assets	124.1	110.8	75.3	61.0	–	6.9
Current liabilities	(12.3)	(11.8)	(77.1)	(65.7)	–	(0.8)
Non-current liabilities	(72.8)	(51.3)	–	–	–	–
Total liabilities	(85.1)	(63.1)	(77.1)	(65.7)	–	(0.8)
Net assets/(liabilities)	39.0	47.7	(1.8)	(4.7)	–	6.1
Group's share of ownership	10%	10%	50%	50%	–	49%
Group's share of net assets/(liabilities)	3.9	4.8	(0.9)	(2.4)	–	3.0
Net assets/(liabilities) attributable to other interests	35.1	42.9	(0.9)	(2.3)	–	3.1
Summarised income statement						
Revenue	25.3	39.8	641.2	317.2	9.2	9.6
Profit for the year	3.6	13.4	2.0	1.4	1.8	3.2
Investment						
Opening carrying value of investment	5.0	5.8	0.9	0.8	12.4	10.8
Initial cost working capital true-up	–	–	–	–	(0.9)	–
Disposal	–	–	–	–	(9.1)	–
Transfers on disposal	–	–	–	–	(2.3)	–
Group's share of profit for the year	0.4	1.4	0.4	0.1	0.9	1.6
Dividend received from the associate during the year	(1.2)	(2.2)	–	–	(1.0)	–
Closing carrying value of investment	4.2	5.0	1.3	0.9	–	12.4

¹ The Group holds a 50% investment in Page Avjet Fuel Co LLC in which it is entitled to 20% of profits.

² On 9 September 2021 the Group acquired the remaining 51% of Signature STT LLC (see note 23) and this company was fully consolidated at year end. On disposal, a \$0.9 million cost adjustment was recognised relating to working capital, and a transfer of the associated loan relating to the unpaid accumulated profits was made.



Notes to the Consolidated Financial Statements *continued*

9. Interests in associates and joint ventures *continued*

	Jacksonville Jetport LLC ¹		Signature Canada FBO Services, Inc.		GB Aviation Holdings LLC ²		Long Beach Fuel Consortium LLC ³	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Joint ventures								
Summarised balance sheet								
Current assets	5.6	5.3	3.7	1.8	–	–	–	–
Non-current assets	6.7	6.9	2.9	2.8	–	–	–	–
Total assets	12.3	12.2	6.6	4.6	–	–	–	–
Current liabilities	(2.7)	(2.2)	(2.2)	(0.6)	–	–	–	–
Non-current liabilities	(2.3)	(2.8)	(0.6)	(0.5)	–	–	–	–
Total liabilities	(5.0)	(5.0)	(2.8)	(1.1)	–	–	–	–
Net assets	7.3	7.2	3.8	3.5	–	–	–	–
Group's share of ownership	50%	50%	75%	75%	50%	50%	–	–
Group's share of net assets	3.7	3.6	2.9	2.6	–	–	–	–
Net assets attributable to other interests	3.6	3.6	0.9	0.9	–	–	–	–
Summarised income statement								
Revenue	24.4	16.7	5.0	3.4	–	–	–	0.2
Profit/(loss) for the year	4.0	2.9	0.2	0.2	–	–	–	(0.2)
Investment								
Opening carrying value of investment	3.2	2.9	4.6	4.4	–	17.1	–	0.1
Disposal of investment	–	–	–	–	–	(17.1)	–	–
Group's share of profit/(loss) for the year	0.9	0.8	0.2	0.2	–	–	–	(0.1)
Dividend received from the joint venture during the year	(1.0)	(0.5)	–	–	–	–	–	–
Closing carrying value of investment	3.1	3.2	4.8	4.6	–	–	–	–

1 The Group holds a 50% investment in Jacksonville Jetport LLC but is entitled to profits based on a tiered breakup of profits. In the current year this equated to 23% of profits (2020: 29%).

2 The Group's share of profit for GB Aviation Holdings LLC in 2020 reflected its 50% share of Gama Aviation LLC which was sold on 2 March 2020.

3 On 18 December 2020 the Group acquired the remaining 50% of Long Beach Fuel Consortium LLC (see note 25) and this company was fully consolidated after this date.

Summary of investments	2021 \$m	2020 \$m
Associates		
Cost of investment in associates	–	10.0
Share of associates' post acquisition profits, net of dividends received	5.5	8.3
	5.5	18.3
Joint ventures		
Cost of investment in joint ventures	4.2	4.2
Share of joint ventures' post acquisition profits, net of dividends received	3.7	3.6
	7.9	7.8
Total	13.4	26.1

10. Inventories

	2021 \$m	2020 \$m
Work in progress	4.0	7.0
Finished goods	60.3	28.2
	64.3	35.2

As at 31 December 2021, there were no inventory balances (2020: \$135.5 million) in assets held for sale due to the disposal of ERO (see note 24).

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11. Other financial assets

	Note	2021 \$m	2020 \$m
Trade and other receivables			
Amounts due within one year			
Trade receivables		154.0	79.5
Other receivables, prepayments and accrued income		71.1	63.9
Amounts receivable from related parties ¹		25.1	–
Lease related receivables		3.1	2.5
Derivative financial instruments	15	0.3	0.7
Trade and other receivables due within one year		253.6	146.6
Amounts due after one year			
Lease related receivables		18.9	19.4
Trade and other receivables		4.1	9.1
Loans to related parties		11.1	–
Derivative financial instruments	15	–	59.6
Trade and other receivables due after one year		34.1	88.1
		287.7	234.7

¹ Amounts receivable from related parties are repayable on demand and non interest-bearing.

As at 31 December 2021, there were no trade and other receivables balances (2020: \$132.2 million) in assets held for sale due to the disposal of ERO (see note 24).

Income relating to lease related receivables is \$4.4 million (2020: \$4.4 million).

As at 31 December 2021 the Group held a 3.19% equity stake in Alyssum Group Limited (in administration), and a 1.45% equity stake in Lider Taxi Aéreo S.A Air Brazil. These are included within Assets classified as financial instruments fair valued through other comprehensive income. The carrying value of these investments at year end was \$nil (2020: \$nil).

Trade receivables

An expected credit loss reserve has been recognised for estimated irrecoverable amounts from the sale of goods and services of \$3.9 million (2020: \$2.9 million). This allowance has been determined by reference to past default experience and expectations of future collection problems, taking into account credit risk characteristics and days past due.

Included in the Group's trade receivables balances are debtors with a carrying amount of \$19.2 million (2020: \$11.2 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these overdue receivables is 60 days (2020: 59 days).

	2021 \$m	2020 \$m
Ageing of past due but not included in expected credit loss reserve		
30-60 days	13.7	7.8
60-90 days	3.0	2.4
90-120 days	0.6	0.4
Over 120 days	1.9	0.6
	19.2	11.2



Notes to the Consolidated Financial Statements continued

11. Other financial assets continued

	2021 \$m	2020 \$m
Movement in the expected credit loss reserve		
Beginning of year	(2.9)	(3.1)
Exchange adjustments	–	(0.1)
Amounts written off as uncollectable	0.9	(1.0)
Charged in the year	(1.6)	1.5
Acquisition of subsidiary	(0.3)	(0.2)
End of year	(3.9)	(2.9)

In determining the recoverability of a trade receivable, the Group considers any change in the expected recovery of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the expected credit loss reserve. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2021 \$m	2020 \$m
Ageing of expected credit loss reserve		
30–60 days	0.2	0.1
60–90 days	1.1	0.3
90–120 days	1.4	0.4
Over 120 days	1.2	2.1
	3.9	2.9

	2021 \$m	2020 \$m
Cash and cash equivalents		
Cash at bank and in hand	97.2	62.5
Short-term bank deposits	169.5	105.5
Cash and cash equivalents for continuing operations	266.7	168.0
Cash and cash equivalents held for sale – ERO	–	3.1
Cash and cash equivalents in the statement of cash flows	266.7	171.1

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, investments and derivative financial instruments.

The Group's policy on credit risk relating to cash and derivative financial instruments is disclosed in note 15.

The Group's credit risk is primarily attributable to its trade and finance lease receivables. The amounts presented in the Balance Sheet are net of expected credit losses. An expected credit loss reserve is recognised where there is an identified loss event based on a lifetime loss expectation using credit risk characteristics, days past due and anticipated changes in economic conditions.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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12. Trade and other payables

	Note	2021 \$m	2020 \$m
Amounts due within one year			
Trade payables		124.2	136.6
Other taxation and social security		21.6	21.2
Other payables		20.6	24.7
Accruals and deferred income		108.4	79.1
Derivative financial instruments	15	2.3	3.6
		277.1	265.2
Amounts due after one year			
Trade and other payables		0.1	–
		–	–
Total trade and other payables		277.2	265.2

As at 31 December 2021, there were no trade and other payables balances (2020: \$92.5 million) included within liabilities held for sale due to the disposal of ERO (see note 24).

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

The average age of trade creditors was 26 days (2020: 45 days).

13. Lease liabilities

Signature Aviation holds property and equipment under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 103 (2020: 104) years in duration. The majority of the lease liability relates to long-term leases on Signature's FBO network.

Information in respect of the amounts recognised for right of use assets, including the carrying amount, additions and depreciation, are set out in note 8. A maturity analysis of lease liabilities for continuing operations is set out below:

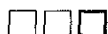
	Minimum lease payments	
	2021 \$m	2020 \$m
Amounts payable under lease liabilities		
Within 1 year	125.7	120.5
Between 2 and 5 years inclusive	473.2	430.4
Between 6 and 10 years inclusive	513.4	463.9
Between 11 and 20 years inclusive	767.9	695.3
More than 20 years	663.3	590.6
	2,543.5	2,300.7
Less: Future finance charges	(1,302.7)	(1,156.9)
Present value of lease obligations	1,240.8	1,143.8
Less: Amount due for settlement within 12 months (shown under current liabilities)	(47.6)	(50.9)
Amount due for settlement after 12 months	1,193.2	1,092.9

As at 31 December 2021, there were no lease liabilities balances (2020: \$62.2 million) included within liabilities held for sale due to the disposal of ERO (see note 24).

The average lease term was 18 years (2020: 18 years) for FBO leasehold improvements and six years (2020: four years) for equipment. In 2021 the average effective borrowing rate for the Group was 6.6% (2020: 6.5%). Interest rates were fixed at the contract date or varied based on prevailing interest rates.

The fair value of the Group's lease liabilities approximates their carrying amount.

The Group's lease liabilities are secured by the lessors' charges over the leased assets.



Notes to the Consolidated Financial Statements continued

13. Lease liabilities continued The Group as lessee

	2021 \$m	2020 \$m
Expense relating to variable lease payments not included in the measurement of lease liabilities for continuing and discontinued operations	12.6	32.3
Continuing operations	12.6	32.3

- Variable lease expenses in any year can fluctuate as they are a function of both the FBO lease renewal process and flight activity. The more significant expenses Signature can be exposed to are:
- Rental payments with no fixed contractual terms. It is not uncommon for FBO leases to expire, and for there to then be a period of time that passes whilst a new lease is being negotiated. During this time Signature continues to be invoiced monthly rent by the airport.
- 'Minimum Annual Guarantee' shortfall clauses. A limited number of FBO locations in the United States include these clauses. These are linked to the passthrough of concession fees collected on behalf of the airport authority, for services the airport authority provides, where Signature acts as collecting agent. The concession fee passthrough is ultimately linked to the level of flight activity in any given year. Should activity drop below a certain threshold a variable rental payment is required.

In addition to the above, future cash outflows to which Signature is potentially exposed and are not reflected in the measurement of lease liabilities include payments linked to a variable index. A number of our lease payments are revised, usually annually, as they are linked to an index or rate. The lease liability is reassessed once these crystallise.

As referenced in the accounting policies, a number of the FBO related leases include extension options. Invariably Signature will exercise these and so these are recognised within the lease liability. Future potential cash outflows relating to extension options not already included in the measurement of the lease liability is therefore negligible.

The total cash outflow in relation to leases, including variable lease payments, was \$180.0 million (2020: \$169.5 million). Variable lease payments constitute 6.8% (2020: 19.1%) of the total cash outflow.

The amount recognised in the income statement relating to COVID-19 related rent concessions in the year is not material, as Signature has applied the practical expedient to not treat these as lease modifications. As such the discount rate has not been amended when recalculating the lease liability.

14. Borrowings

	2021 \$m	2020 \$m
Bank loans ¹	–	(5.0)
Term Loan B	1,356.4	–
US senior notes	112.6	1,194.2
CARES promissory note	–	18.6
Other loans	0.3	0.3
	1,469.3	1,208.1
The borrowings are repayable as follows:		
On demand or within one year	14.3	–
In the second year	–	–
In the third to fifth years inclusive	–	(5.0)
After five years	1,455.0	1,213.1
	1,469.3	1,208.1
Less: Amount due for settlement within 12 months (shown within current liabilities)	(14.3)	–
Amount due for settlement after 12 months	1,455.0	1,208.1

¹ \$5.0 million issue costs were capitalised in 2020 and were amortised over the life of this facility.

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14. Borrowings continued

Current year term loans and US senior notes are stated at 31 December 2021 and 2020 after their respective transaction costs and related amortisation.

2021								
Type	Facility amount \$m	Headroom \$m	Principal \$m	Amortisation costs \$m	Fair value adjustment ¹ \$m	Drawn \$m	Facility date	Maturity date
Term Loan B	1,394.0	–	1,394.0	(37.6)	–	1,356.4	Jun 2021	Jun 2028
\$650m US senior notes	113.8	–	113.8	(1.2)	–	112.6	Nov 2019	Mar 2028
Total term loans and loan notes	1,507.8	–	1,507.8	(38.8)	–	1,469.0		
Other loans						0.3		
						1,469.3		

2020								
Type	Facility amount \$m	Headroom \$m	Principal \$m	Amortisation costs \$m	Fair value adjustment ¹ \$m	Drawn \$m	Facility date	Maturity date
Multicurrency revolving bank credit facility	400.0	400.0	–	(5.0)	–	(5.0)	Mar 2018	Mar 2025
Total bank loans	400.0	400.0	–	(5.0)	–	(5.0)		
\$500m US senior notes	500.0	–	500.0	(7.2)	33.2	526.0	Apr 2018	May 2026
\$650m US senior notes	650.0	–	650.0	(8.1)	26.3	668.2	Nov 2019	Mar 2028
Total US senior notes	1,150.0	–	1,150.0	(15.3)	59.5	1,194.2		
Total bank and loan notes	1,550.0	400.0	1,150.0	(20.3)	59.5	1,189.2		
Promissory note and other loans						18.9		
						1,208.1		

1 The fair value adjustment relates to the change in fair value of hedged risk for notes which are subject to fair value hedging.

The acquisition of Signature Aviation Limited by Brown Bidco Limited, a newly formed company owned by Blackstone Infrastructure and Blackstone Core Equity, Global Infrastructure Partners and Cascade Investment, completed on 1 June 2021 with the financing of the acquisition a combination of equity and new debt facilities. The new secured debt facilities comprised of Term Loan B and a new multicurrency revolving credit facility (RCF). As at the acquisition date, the amount of Term Loan B was \$1,685 million with Brown Group Holding LLC (an entity outside the Signature Aviation consolidated group) borrowing \$508.1 million and Signature Aviation US Holdings Inc borrowing \$1,176.9 million. The RCF facility amount is \$350 million and is in the name of Brown Group Holding LLC (an entity outside the Signature Aviation consolidated group).

Following the completion of the sale of ERO on 1 July 2021, the net proceeds were used to prepay part of the Term Loan B amount. In addition, an amendment agreement was entered into on 29 November 2021, for an incremental Term Loan B amount of \$330 million to finance the acquisition Vail Valley Jet Center. The Term Loan B financing also includes minimal quarterly amortisation payments.

The Group's debt facilities are secured facilities with equal ranking and Term Loan B is a seven-year loan which matures in June 2028.

The new debt borrowed by Signature Aviation US Holding Inc was used to finance the part repayment of the \$650 million US senior notes due 2028, following a tender and consent process, and the repayment in full of the \$500 million US senior notes due 2026. Following the tender and consent process for the \$650 million US senior notes due 2028, the Group had \$113.8 million of US senior notes outstanding as at 31 December 2021 (31 December 2020: \$1,150 million in total with \$500 million due 2026 and \$650 million due 2028). These notes continue to be in the name of Signature Aviation US Holdings Inc and are accounted for at amortised cost.

As at 31 December 2021, the Group was drawn \$1,394.0 million on Term Loan B (31 December 2020: N/A), accounted for at amortised cost.

This report reflects the consolidated position of Signature Aviation Limited and its subsidiaries. Therefore, the results and financial position (including the liquidity and debt obligations) of Brown Bidco Limited and Brown Group Holding LLC, together with other newly formed acquisition related entities, which sit above Signature Aviation Limited in the corporate structure, have not been included in these condensed consolidated financial statements and notes to the accounts.

As at 31 December 2021, the Group was in full compliance with its covenants.

As part of the financing workstream for the acquisition of Signature Aviation, the interest rate swaps hedging the fair value movement on the US senior notes were cancelled during the first half of 2021 and a cash flow gain of \$33.7 million realised (31 December 2020 unrealised gain \$59.5 million).



Notes to the Consolidated Financial Statements continued

14. Borrowings continued

During 2020, Signature Flight Support LLC entered into a promissory note from the US Treasury Department under the CARES Act (Section 4003 'Lending to Air Carriers and Businesses Critical to National Security'). The total amount of the promissory note received was \$18.6 million. The note had an interest rate of 4% (1% Coupon and 3% PIK).

During the first half of 2021, Signature Flight Support LLC entered into a second promissory note of \$5.1 million from the US Treasury Department under the CARES Act (Section 4003 'Lending to Air Carriers and Businesses Critical to National Security'). This note had an interest rate of 4% (1% Coupon and 3% PIK).

Following the acquisition of Signature Aviation, the total CARES Act promissory note obligations of \$23.7 million (31 December 2020: \$18.6 million) and all outstanding interest charges through to the date of settlement was repaid in full on 30 June 2021.

All other borrowings are held at amortised cost.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Sterling \$m	US dollar \$m	Total \$m
31 December 2021			
Term Loan B	–	1,356.4	1,356.4
US senior notes	–	112.6	112.6
Other loans	0.3	–	0.3
	0.3	1,469.0	1,469.3
31 December 2020			
Bank loans	–	(5.0)	(5.0)
US senior notes	–	1,194.2	1,194.2
Promissory note	–	18.6	18.6
Other loans	0.3	–	0.3
	0.3	1,207.8	1,208.1

The average floating interest rates on borrowings are as follows:

	2021	2020
Sterling	–	1.6%
US dollar	3.2%	2.2%

The Group's borrowings are funded through a combination of fixed and floating rate debt. The floating rate debt exposes the Group to cash flow interest rate risk whilst the fixed rate US senior notes expose the Group to changes in the fair value of fixed rate debt due to changes in interest rates. Interest rate risk is managed by the combination of fixed rate debt and interest rate swaps in accordance with pre-agreed policies and authority limits. As at 31 December 2021, 8% (2020: 52%) of the Group's borrowings are fixed at a weighted average interest rate of 4% (2020: 4.6%) for a weighted average period of six years (2020: six years).

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15. Financial instruments

Categories of financial instruments

The carrying values of the financial instruments of the Group are analysed below:

	2021 Carrying value \$m	2020 Carrying value \$m
Financial assets		
Fair value through profit or loss – foreign exchange contracts ¹	0.3	–
Derivative instruments held in fair value hedges ²	–	59.6
Derivative instruments in cash flow hedges	–	0.7
Financial assets at amortised cost ^{3,4,5}	442.6	269.4
	442.9	329.7
Financial liabilities		
Fair value through profit or loss – foreign exchange contracts ¹	(2.3)	(3.6)
Derivative instruments held in cash flow hedges	–	–
Financial liabilities at amortised cost ^{4,6}	(2,843.6)	(1,874.1)
Financial liabilities at fair value	–	(629.3)
	(2,845.9)	(2,507.0)

1 Foreign exchange contracts disclosed as fair value through profit and loss are substantially contracts not designated in a formal hedging relationship and are used to hedge foreign currency flows through the Signature Aviation Limited company bank accounts to ensure that the Group is not exposed to foreign exchange risk through the management of its international cash management structure.

2 Derivative instruments held in fair value hedges are designated in formal hedging relationships and are used to hedge the change in fair value of fixed rate US dollar borrowings.

3 Recoveries from third parties in respect of environmental and other liabilities totalling \$4.5 million (2020: \$5.3 million) are included within trade and other receivables.

4 The carrying value of trade and other receivables, and other payables approximates their fair value.

5 Financial assets at amortised cost consist of cash and cash equivalents, trade receivables and other financial assets.

6 Financial liabilities at amortised cost consist of borrowings, lease liabilities and trade payables.



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

Fair value of financial assets and financial liabilities

Materially all of the Group's financial assets and financial liabilities represent Level 1 and Level 2 of the fair value hierarchy. Level 1 of the fair value hierarchy is where the input to the fair value measurement is determined by reference to a quoted price in an active market and Level 2 is where the input to the fair value measurement is based on inputs that are observable for the asset or liability, either directly or indirectly.

Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are as at the balance sheet date, and will not necessarily be the amounts that are realised. Non-interest bearing financial instruments, which included amounts receivable from customers and accounts payable, are measured at amortised cost which, due to the short-term maturity, approximate to fair value.

The carrying values and fair values of the Group's non-derivative financial assets and financial liabilities (excluding current assets and current liabilities) approximate to fair values due to their short-term nature.

The fair value of the US senior notes is determined by reference to quoted prices for each of the instruments. The fair values of the Term Loan B, bank loans and senior loan notes are considered to be materially the same as the amortised cost of the instruments.

Derivative financial instruments

The fair values and notional amounts of derivative financial instruments are shown below. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. All valuation techniques take into account assumptions based upon available market data at the balance sheet date. The notional amounts are based on the contractual gross amounts at the balance sheet date.

The fair values of the assets classified as financial instruments within other comprehensive income and derivative financial instruments are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated using inputs that are observable in active markets which are related to the individual asset or liability. The Group does not have any derivative financial instruments which would be categorised as either Level 1 or 3 of the fair value hierarchy.

Derivative financial assets	2021		2020	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
Cash flow hedges				
Foreign exchange forward contracts	–	–	(15.2)	0.7
Fair value hedges				
Interest rate swaps	–	–	(575.0)	59.6
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	47.0	0.3	(10.4)	–
	47.0	0.3	(600.6)	60.3

Derivative financial liabilities measured at fair value	2021		2020	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
Cash flow hedges				
Foreign exchange forward contracts	–	–	2.2	–
Fair value hedges				
Interest rate swaps	–	–	–	–
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	(4.1)	(2.3)	222.0	(3.6)
	(4.1)	(2.3)	224.2	(3.6)

In determining the fair values of derivatives, we have considered the effects of credit risk by calculating a debit valuation adjustment (DVA) or credit valuation adjustment (CVA) and, for the year, have included a CVA adjustment of \$nil (2020: \$0.6 million) in the fair value measurement of interest rate swaps as these were terminated during the year.

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15. Financial instruments continued

The maturity of derivative financial instruments is as follows:

	2021		2020	
	Asset fair value \$m	Liability fair value \$m	Asset fair value \$m	Liability fair value \$m
Current				
Less than one year	0.3	(2.3)	0.7	(3.6)
Total current	0.3	(2.3)	0.7	(3.6)
Non-current				
One to two years	-	-	-	-
Two to three years	-	-	-	-
Three to four years	-	-	-	-
Four to five years	-	-	-	-
More than five years	-	-	59.6	-
Total non-current	-	-	59.6	-
	0.3	(2.3)	60.3	(3.6)

Collateral

As part of the Group's management of its insurable risks, a proportion of this risk is managed through self-insurance programmes operated by the Group's captive insurance companies, BBA Aviation Insurances Limited, based in the Isle of Man, and BBA Aviation Insurances (Vermont) Inc. These companies are wholly owned subsidiaries of the Group and premiums paid are held to meet future claims. The cash balances held by these companies are reported on the Balance Sheet within cash and cash equivalents. As is usual practice for captive insurance companies, some of this cash is used as collateral against contingent liabilities (standby letters of credit) that have been provided to certain external insurance companies.

The table below details the contractual amount of the cash balances that have been pledged as collateral for these contingent liabilities, all of which are current:

	2021			2020		
	US dollar \$m	Sterling \$m	Total \$m	US dollar \$m	Sterling \$m	Total \$m
BBA Aviation Insurances Limited	0.3	0.8	1.1	0.3	0.8	1.1
BBA Aviation Insurances (Vermont) Inc	-	-	-	-	-	-
Total	0.3	0.8	1.1	0.3	0.8	1.1

The standby letters of credit have been issued via bank facilities and the amount of these facilities corresponds to the amounts pledged as detailed in the table above. The amounts pledged are usually for less than one year, and are secured by a legal charge to the bank providing the letters of credit over the cash balances of these companies corresponding to the amount of the standby letters of credit.

Financial risk factors

Our activities expose us to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Overall, our risk management policies and procedures focus on the uncertainty of financial markets and seek to manage and minimise potential financial risks through the use of derivative financial instruments. The Group does not undertake speculative transactions for which there is no underlying financial exposure.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors of Signature Aviation Limited. This department identifies, evaluates and hedges financial risks in close co-operation with Group subsidiary companies. The treasury policies cover specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and the investment of excess liquidity.



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings.

The Group's policy is to borrow centrally to meet anticipated funding needs. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to subsidiaries at market-based interest rates and on commercial terms and conditions.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in foreign currency exchange rates and interest rates. The Group has well defined policies for the management of these risks which includes the use of derivative financial instruments.

(i) Foreign exchange risk

(a) Foreign exchange transaction risk

The Group manages its transactional foreign currency risk by hedging significant currency exposures in accordance with foreign exchange policies that our subsidiaries have in place which have been pre-agreed between Group Treasury and the subsidiary. Each foreign exchange policy is individually tailored to the foreign exchange exposures within the relevant subsidiary. Transaction currency risk is managed using spot and forward foreign exchange contracts. All committed exposures are fully hedged 100% and where significant foreign currency exposures exist then generally a percentage of the projected foreign currency flows are covered depending on the certainty of these cash flows.

The transaction foreign exchange risk is measured by each subsidiary submitting regular reports to Group Treasury which detail the foreign currency exposure reported on the Balance Sheet as committed exposures and, for those subsidiaries with significant foreign exchange transaction exposures, an additional report detailing the future projected foreign currency cash flows over the life of the policy.

The pre-determined policy margin is shown against the projected exposures to determine whether there is a net exposure which needs to be hedged. If this is the case, then foreign exchange spot or forward contract(s) will be undertaken by Group Treasury on behalf of the relevant subsidiary with the Group's relationship banks.

For the hedges of highly probable forecast sales and purchases, as the critical terms of the foreign exchange contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the foreign exchange forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying exchange rates.

The main sources of ineffectiveness in these hedging relationships are the impact on the fair value of the foreign exchange contracts from a change in timing of the receipt of the hedged items compared to the timing of the hedging instruments, changes in the notional amount of the hedged items compared to the notional amount of the hedging instruments, a change in the credit risk of the relevant subsidiary entering into the foreign exchange contracts and changes in fair value of the hedged item and the hedging instrument attributable to changes in the interest differential within the forward foreign exchange rate.

Following the completion of the sale of the ERO businesses on 1 July 2021, the Group terminated the outstanding foreign exchange contracts taken out to hedge future cash flow foreign exchange exposures of H+S Aviation, a company which is part of the ERO group.

As at the end of the reporting period, the Group had no outstanding foreign exchange contracts being used as hedging instruments.

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15. Financial instruments continued

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

Hedging instruments

2021

	Average exchange rate	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for recognising ineffectiveness \$m
Cash flow hedges				
Buy US dollars				
Less than 6 months	–	–	–	–
6 to 12 months	–	–	–	–
1 to 2 years	–	–	–	–
		–	–	–
Sell US dollars				
Less than 6 months	–	–	–	–
6 to 12 months	–	–	–	–
1 to 2 years	–	–	–	–
		–	–	–

Hedging instruments

2020

	Average exchange rate	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for recognising ineffectiveness \$m
Cash flow hedges				
Buy US dollars				
Less than 6 months	1.30	0.7	–	–
6 to 12 months	1.37	1.5	–	–
1 to 2 years	–	–	–	–
		2.2	–	–
Sell US dollars				
Less than 6 months	1.30	(7.7)	0.4	0.4
6 to 12 months	1.26	(3.7)	0.3	0.3
1 to 2 years	1.37	(3.8)	–	–
		(15.2)	0.7	0.7

2021

Hedged item	US dollar \$m	Euros \$m	Total \$m
Forecast sales (post policy margin)	0.8	0.3	1.1
Forecast purchases (post policy margin)	(0.2)	(1.6)	(1.8)
Net foreign exchange transaction cash flow exposure	0.6	(1.3)	(0.7)
Hedging instrument – foreign exchange derivative contracts	–	–	–
Net asset position excluding inter-company debt post hedging effect	0.6	(1.3)	(0.7)



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

Hedged item	2020		
	US dollar \$m	Euros \$m	Total \$m
Forecast sales (post policy margin)	78.3	0.3	78.6
Forecast purchases (post policy margin)	(60.3)	(1.3)	(61.6)
Net foreign exchange transaction cash flow exposure	18.0	(1.0)	17.0
Hedging instrument – foreign exchange derivative contracts	(13.0)	–	(13.0)
Net asset position excluding inter-company debt post hedging effect	5.0	(1.0)	4.0

The following table details the hedge effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to the income statement.

2021						
	Current year hedging gains/(losses) recognised in other comprehensive income \$m	Amount of hedge ineffectiveness recognised in the Income Statement	Line item in Income Statement in which hedge ineffectiveness is included	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur	Amount reclassified to Income Statement due to hedged item affecting Income Statement \$m	Line item in Income Statement in which reclassification adjustment is included
Foreign exchange contracts						
US dollars	(0.2)	–	Other operating income/(expenses)	–	(0.1)	Revenue

2020						
	Current year hedging gains/(losses) recognised in other comprehensive income \$m	Amount of hedge ineffectiveness recognised in the Income Statement	Line item in Income Statement in which hedge ineffectiveness is included	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur	Amount reclassified to Income Statement due to hedged item affecting Income Statement \$m	Line item in Income Statement in which reclassification adjustment is included
Foreign exchange contracts						
US dollars	0.1	–	Other operating income/(expenses)	–	(0.2)	Revenue

The fair value gain/(loss) of currency derivatives that are designated and effective as cash flow hedges amounting to a \$0.2 million loss (2020: \$0.1 million gain) has been recognised in other comprehensive income. A loss of \$0.1 million (2020: loss of \$0.2 million) has been transferred to the Income Statement.

Foreign exchange contracts that are not designated as cash flow hedges are used to hedge foreign currency flows through the Signature Aviation Limited company bank accounts and to ensure that the Group is not exposed to foreign exchange risk through the management of its international cash pooling structure.

During December 2021, the Board reviewed the policy above and it was decided that with effect from the end of 2021, Signature Aviation Limited would stop hedging unrealised foreign exchange exposures relating to its cash management structure and close out any remaining foreign exchange contracts around 31 December 2021.

Changes in the fair value of foreign exchange contracts which have not been designated as cash flow hedges amounting to \$4.3 million (2020: \$1.9 million) have been transferred to administrative expenses in the Income Statement in the year. The net impact on the Group's result for the period is immaterial, since the balances which these contracts relate to have had a similar but opposite effect on administrative expenses.

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15. Financial instruments continued**(b) Foreign exchange translation risk**

The Group has significant overseas businesses whose revenues, cash flows, assets and liabilities are mainly denominated in the currency in which the operations are located. The Group's policy in relation to foreign exchange translation risk is not to hedge the Income Statement since such hedges only have a temporary effect. In relation to the Balance Sheet, the Group seeks to denominate the currency of its borrowings in US dollars in order to match the currency of its cash flows, earnings and assets which are principally denominated in US dollars. The Group does not undertake derivative transactions to hedge foreign exchange translation exposures.

The US dollar borrowings in the parent company, Signature Aviation Limited, are designated as net investment hedges, as the parent company's functional currency is GBP. The Group does not undertake derivative transactions to hedge the foreign currency translation exposures. The Group analyses the US dollar net assets by subsidiary and the foreign currency borrowings in the name of Signature Aviation Limited are allocated against certain tranches of net assets for a specific subsidiary. Therefore, the critical terms of the US dollar borrowings and their corresponding hedged items are the same.

The Group performs a qualitative assessment of effectiveness and it is expected that the value of the US dollar borrowings in GBP and the value of the corresponding hedged items in GBP will systematically change in opposite directions in response to movements in the underlying exchange rates.

The main source of ineffectiveness in these hedging relationships is the impact of a decline in the carrying value of the hedged item compared to the US dollar borrowings with the result that the value of the hedged item is less than the value of hedging instrument.

Foreign currency revaluation on the US dollar borrowings in the name of Signature Aviation Limited are recorded in other comprehensive income and deferred in the foreign currency translation reserve on the Balance Sheet as long as the hedge is effective. Any ineffectiveness is recognised in the Income Statement for that year.

During 2021, Signature Aviation Limited did not have any US dollar borrowings and all US dollar borrowings within the Signature Aviation Limited consolidated group were in the name of Signature Aviation US Holdings Inc.

As at 31 December 2021, the majority of the Group's net borrowings were denominated in US dollars as set out below:

	2021				
	US dollar \$m	Euro \$m	Sterling \$m	Other \$m	Total \$m
Cash and cash equivalents	241.7	11.9	3.0	10.1	266.7
Borrowings	(1,469.0)	–	(0.3)	–	(1,469.3)
Leases	(1,141.9)	(8.9)	(68.4)	(21.6)	(1,240.8)
	(2,369.2)	3.0	(65.7)	(11.5)	(2,443.4)

	2020				
	US dollar \$m	Euro \$m	Sterling \$m	Other \$m	Total \$m
Cash and cash equivalents	148.9	4.4	7.3	7.4	168.0
Borrowings	(1,207.8)	–	–	(0.3)	(1,208.1)
Leases	(1,034.4)	(10.6)	(74.9)	(23.9)	(1,143.8)
	(2,093.3)	(6.2)	(67.6)	(16.8)	(2,183.9)

(ii) Interest rate risk

The Group's borrowings are funded through a combination of Term Loan B debt, bank debt and capital markets borrowings. The Group's Term Loan B and bank debt is funded through floating rate debt which exposes the Group to cash flow interest rate risk. The Group's capital markets borrowings are financed through US senior notes which exposes the Group to changes in the fair value of the fixed rate debt due to changes in interest rates. Following the acquisition of Signature Aviation in June 2021, the majority of the fixed rate debt was repaid and refinanced through Term Loan B debt which is based on floating USD LIBOR rates.

The Group's policy in relation to interest rate risk specifies the portion of its debt obligations which should be fixed through the use of fixed rate debt and/or interest rate swaps in order to protect the Group's income statement and cash flows from adverse interest rate movements.

During the period, the critical terms of the interest rate swap contracts and their corresponding hedged items were the same, and the Group performed a qualitative assessment of effectiveness and it was expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying rates. The main source of hedge ineffectiveness in these hedge relationships was the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which was not reflected in the fair value of the hedged item attributable to the change in interest rates.



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

As detailed in note 14, at the end of the period, the Group's debt mainly comprises a Term Loan B debt which matures in June 2028. The interest rate benchmark in this credit agreement is linked to LIBOR interest rates which are subject to interest rate benchmark reform. The Group also has a number of inter-group loans to subsidiaries which are based on market interest rates and commercial terms and the majority of these inter-group loans also reference LIBOR interest rates.

The Group has in the past undertaken and may in the future undertake, either fair value or cash flow interest rate hedges as part of its interest rate risk management policy which may expose the Group to US dollar LIBOR interest rates.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The Financial Conduct Authority (FCA) has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss francs and Japanese yen settings, and the 1-week and 2-month US dollar settings.
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

The Group has identified where IBOR exposures are within the Group and is planning to transition to alternative benchmark rates within the necessary timeframe. Therefore, we have not yet reformed or replaced any existing interest rate benchmarks within the Group's financial instruments.

As stated on page 23 of the Group's Accounting Policies, the Group will continue to apply the amendments to IFRS 9 until the uncertainty arising from interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group expects this uncertainty will continue until the Group's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the basis for the cash flows or the alternative benchmark rate are determined including any fixed spread.

The fixed/floating interest rate mix within net debt and other financial instruments is as follows:

	2021		
	Cash and cash equivalents \$m	Book value of borrowings \$m	Fair value of borrowings \$m
Fixed interest rate (adjusted for interest rate hedging)			
Less than one year	–	–	–
Between two and five years	–	–	–
After five years	–	(112.6)	(112.3)
Total fixed interest rate (adjusted for interest rate hedging)	–	(112.6)	(112.3)
Floating interest rate	266.7	(1,356.7)	(1,356.7)
Total interest-bearing assets/(liabilities) within borrowings	266.7	(1,469.3)	(1,469.0)

	2020		
	Cash and cash equivalents \$m	Book value of borrowings \$m	Fair value of borrowings \$m
Fixed interest rate (adjusted for interest rate hedging)			
Less than one year	–	–	–
Between two and five years	–	–	–
After five years	–	(569.8)	(579.8)
Total fixed interest rate (adjusted for interest rate hedging)	–	(569.8)	(579.8)
Floating interest rate	168.0	(638.3)	(638.3)
Total interest-bearing assets/(liabilities) within borrowings	168.0	(1,208.1)	(1,218.1)

The fair values of the financial instruments above are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated using inputs that are observable in active markets which are related to the individual asset or liability.

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15. Financial instruments continued**(a) Cash flow hedges**

The Group does not currently have any outstanding cash flow interest rate swaps.

(b) Fair value hedges

As noted in note 14, as part of the acquisition of Signature Aviation the new Term Loan B debt was partially used to finance the part repayment of the \$650 million US senior notes due 2028 and the full repayment of the \$500 million US senior notes due 2026. The fair value interest rate swaps which were partially hedging these fixed rate notes were terminated on 27 May 2021 in preparation for the completion of the acquisition of Signature Aviation and a cash gain of \$33.7 million was realised in June 2021. The Group does not currently have any outstanding fair value interest rate swaps.

Hedging instruments – receive fixed, pay floating

2021

	Average contracted fixed interest rate %	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for calculating ineffectiveness \$m
Fair value hedges				
2 to 5 years	–	–	–	–
More than 5 years	–	–	–	–
		–	–	–

Hedging instruments – receive fixed, pay floating

2020

	Average contracted fixed interest rate %	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for calculating ineffectiveness \$m
Fair value hedges				
2 to 5 years	–	–	–	–
More than 5 years	4.60%	(575.0)	59.6	0.4
		(575.0)	59.6	0.4



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

Hedged item	2021				
	Carrying amount of hedged item: asset/(liabilities) \$m	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item: debit/(credit) \$m	Line item in the Consolidated Financial Statements in which the hedged item is included	Change in fair value used for recognising hedge ineffectiveness \$m	Accumulated amount of fair value hedge adjustments in the Consolidated Financial Statements for hedged items that have ceased to be adjusted for hedging gains and losses \$m
US dollars					
Fixed rate borrowings	-	-	-	-	-

Hedged item	2020				
	Carrying amount of hedged item: asset/(liabilities) \$m	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item: debit/(credit) \$m	Line item in the Consolidated Financial Statements in which the hedged item is included	Change in fair value used for recognising hedge ineffectiveness \$m	Accumulated amount of fair value hedge adjustments in the Consolidated Financial Statements for hedged items that have ceased to be adjusted for hedging gains and losses \$m
US dollars					
Fixed rate borrowings	(629.3)	59.5	Finance costs	(0.7)	n/a

The following table details the hedge ineffectiveness arising from the hedging relationship and the line item in the Income Statement in which the hedge ineffectiveness is included.

	2021	
	Amount of hedge ineffectiveness recognised in the Income Statement \$m	Line item in Income Statement in which the hedge ineffectiveness is included
Fair value hedges		
Fixed rate borrowings		
US senior notes	-	n/a

	2020	
	Amount of hedge ineffectiveness recognised in the Income Statement \$m	Line item in Income Statement in which the hedge ineffectiveness is included
Fair value hedges		
Fixed rate borrowings		
US senior notes	0.3	Finance costs

15. Financial instruments continued**Credit risk**

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. As part of the Group's operations, cash management and risk management activities, the Group is exposed to counterparty risk arising on the financial assets held by the Group and the credit risk on outstanding derivative financial instruments.

Treasury-related credit risk

The Group aims to reduce counterparty risk by dealing with counterparties with investment grade ratings, as measured by financial credit rating agencies. Across the subsidiaries, wherever possible and where services can be provided efficiently and cost-effectively, bank accounts, surplus cash and any hedging activity are concentrated and undertaken with relationship banks.

Each counterparty that the Group uses for derivatives, bank account activity and the investment of surplus cash is assigned a maximum credit limit dependent upon the counterparty's credit rating. This limit gives a maximum permitted amount of cash and derivatives that can be held or undertaken with each counterparty. Deposits are generally for short-term maturity of less than three months.

As at 31 December 2021 and 31 December 2020, the Group had several exposures to individual counterparties. These exposures are continually monitored and reported and no individual exposure is considered significant in the ordinary course of treasury management activity. No significant losses are expected to arise from non-performance by these counterparties.

Commercial-related credit risk

The Group's exposure to commercial-related credit risk is primarily attributable to its trade and finance lease receivables and the amounts presented in the Balance Sheet are net of allowances for doubtful receivables. Sales to customers are settled in several different ways including cash, credit cards, cheques and electronic payment methods. A customer or potential customer is assessed on a case-by-case basis to determine whether credit terms will be provided. The Group does not expect any significant losses of receivables that have not been provided for, as shown in note 11.

Liquidity risk

The Group manages its liquidity requirements using short-term and long-term cash flow forecasts. Headroom on our facilities is regularly evaluated and consistently monitored to ensure that the Group has adequate headroom and liquidity.

The table in note 14 provides a breakdown of the Group's committed borrowing facilities.



Notes to the Consolidated Financial Statements continued

15. Financial instruments continued

The following table provides an analysis of the contractual undiscounted cash flows payable under the financial liabilities as at the balance sheet date:

2021									
	Promissory note \$m	US senior notes \$m	Term Loan B \$m	Leases \$m	Other loans \$m	Trade payables \$m	Non- derivative financial liabilities \$m	Derivative financial liabilities \$m	Total \$m
Due within one year	–	4.6	60.2	125.7	–	133.5	320.9	2.5	323.4
Due between one and two years	–	4.6	60.2	120.1	–	–	182.6	–	182.6
Due between two and three years	–	4.6	60.2	120.8	–	–	175.1	–	175.1
Due between three and four years	–	4.6	60.2	117.2	–	–	171.9	–	171.9
Due between four and five years	–	4.6	60.2	115.2	–	–	168.4	–	168.4
Due in more than five years	–	119.2	1,368.8	1,944.5	0.3	–	3,325.5	–	3,325.5
Total	–	142.2	1,669.8	2,543.5	0.3	133.5	4,344.4	2.5	4,346.9

2020									
	Promissory note \$m	US senior notes \$m	Term Loan B \$m	Leases \$m	Other loans \$m	Trade payables \$m	Non- derivative financial liabilities \$m	Derivative financial liabilities \$m	Total \$m
Due within one year	0.8	53.6	–	120.5	–	151.5	326.4	4.1	330.5
Due between one and two years	0.8	53.6	–	115.7	–	–	170.1	–	170.1
Due between two and three years	0.8	53.6	–	108.2	–	–	162.6	–	162.6
Due between three and four years	0.8	53.6	–	105.0	–	–	159.4	–	159.4
Due between four and five years	0.8	53.6	–	101.5	–	–	155.9	–	155.9
Due in more than five years	22.0	1,216.2	–	1,749.8	0.3	–	2,988.3	–	2,988.3
Total	26.0	1,484.2	–	2,300.7	0.3	151.5	3,962.7	4.1	3,966.8

The maturity profile of the Group's financial derivatives using undiscounted cash flows is as follows:

	2021		2020	
	Payable \$m	Receivable \$m	Payable \$m	Receivable \$m
Due within one year	(406.1)	403.9	(278.7)	277.7
Due between one and two years	–	–	(22.5)	25.9
Due between two and three years	–	–	(15.5)	18.5
Due between three and four years	–	–	(16.9)	18.2
Due between four and five years	–	–	(18.4)	17.5
Due in more than five years	–	–	(30.3)	22.7
Total	(406.1)	403.9	(382.3)	380.5

15. Financial instruments continued**Sensitivity analysis as at 31 December 2021**

Financial instruments affected by market risk are derivative financial instruments. The following analysis is intended to illustrate the sensitivity to changes in foreign exchange rates and interest rates.

The sensitivity analysis has been prepared on the basis that the derivative portfolio and the proportion of derivatives hedging foreign exchange risk and interest rate risk are all constant and on the basis of hedge designations in place at 31 December 2021 and 2020 respectively. As a consequence, this sensitivity analysis relates to the position at these dates and is not representative of the year then ended.

The following assumptions were made in calculating the sensitivity analysis:

- fair value interest rate swaps are assumed to be fully effective and therefore there is no impact on the Income Statement or Balance Sheet from changes in interest rates;
- changes in the carrying value of derivative financial instruments designated as cash flow hedges or net investment hedges are assumed to be recorded fully within other comprehensive income;
- the sensitivity of accrued interest to movements in interest rates is calculated on net floating rate exposures on debt, cash and derivative instruments;
- changes in the carrying value of derivative financial instruments not in hedging relationships only affect the Income Statement;
- all other changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the Income Statement;
- the floating rate leg of any swap or any floating rate debt is treated as not having any interest rate already set, therefore a change in the interest rate affects a full 12-month period for the accrued interest portion of the sensitivity calculations;
- the sensitivity of foreign exchange rates only looks at the outstanding foreign exchange forward book and the currency bank account balances of the Company only as at the balance sheet date and assumes this is the position for a full 12-month period;
- the sensitivity of a 10% movement in foreign exchange rates has been used due to the fact that historically rates can move by approximately 10% per annum; and
- the sensitivity of a 1% movement in interest rates has been used due to the fact that historically floating US dollar interest rates have moved by on average 1% per annum.

Using the above assumptions, the following table shows the illustrative effect on the Income Statement and within other comprehensive income that would result from reasonably possible movements in foreign currency exchange rates and interest rates, before the effects of tax.

	2021		2020	
	Income Statement \$m	Other comprehensive income \$m	Income Statement \$m	Other comprehensive income \$m
£/\$ FX rates – £ strengthens 10%	–	(2.0)	–	1.3
£/\$ FX rates – £ weakens 10%	–	2.7	–	(1.6)
Interest rates +1.00%	(12.4)	–	(6.4)	–
Interest rates –1.00%	(0.1)	–	6.4	–

The foreign exchange analysis in the sensitivity table above illustrates the impact of movements in foreign exchange rates on foreign currency transactional exposures and does not include the impact on the translation of the Group's overseas Income Statement and Balance Sheet.

The translation impact on profit before tax in the Group's Income Statement from the movement in exchange rates is approximately \$1.3 million (2020: \$0.4 million) for each 1% movement in the £/\$ exchange rate.



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16. Provisions

	Beginning of year \$m	Exchange rate adjustments \$m	Reallocation to/from other assets/ liabilities \$m	From acquisitions \$m	Charged in year \$m	Utilised in year \$m	Disposals/ Transfer to Liabilities held for sale ¹ \$m	Unwind \$m	Released in year \$m	End of year \$m
31 December 2021										
Insurance	21.0	–	–	–	7.3	(7.7)	–	(0.2)	–	20.4
Discontinued operations	13.6	–	–	–	–	(2.6)	–	0.4	(1.0)	10.4
Environmental	8.0	–	–	2.1	3.0	(3.3)	–	–	(0.3)	9.5
Other	11.3	(0.6)	1.3	3.1	3.3	(0.2)	–	–	(2.6)	15.6
	53.9	(0.6)	1.3	5.2	13.6	(13.8)	–	0.2	(3.9)	55.9
31 December 2020										
Insurance	22.2	–	–	–	9.2	(10.5)	–	1.0	(0.9)	21.0
Discontinued operations	10.9	0.1	–	–	3.9	(1.6)	–	0.3	–	13.6
Environmental	8.2	–	–	–	1.6	(1.8)	–	0.1	(0.1)	8.0
Other	6.5	0.2	(2.5)	0.1	8.0	(0.6)	0.2	0.1	(0.7)	11.3
	47.8	0.3	(2.5)	0.1	22.7	(14.5)	0.2	1.5	(1.7)	53.9

1 As at 31 December 2021, there were no provision balances (2020: \$1.5 million) within liabilities held for sale due to the disposal of ERO (see note 24).

Insurance provisions relate to the Group's captive insurance companies. The Group's captive insurance companies retain a portion of the exposure they insure on behalf of the remainder of the Group. Currently the Group retains all or a portion of the risk in relation to its Aviation, Workers Compensation, Automobile and Property damage insurances. Significant delays occur in the notification and/or settlement of claims and judgements involved in assessing outstanding liabilities, the ultimate cost and timing of which cannot be known with certainty at the balance sheet date. The insurance provisions are based on information currently available; however, it is inherent in the nature of the business that ultimate liabilities may vary. Provisions for outstanding claims are estimated to cover the outstanding expected liability as well as claims incurred but not yet reported. The liabilities have an expected life of up to ten years (2020: ten years).

Provisions in respect of discontinued operations represent a provision for environmental and other liabilities relating to businesses that have been disposed of by the Group in prior years. The provision of \$10.4 million (2020: \$13.6 million) is partially offset by expected recoveries from third parties of \$4.5 million (2020: \$5.3 million), which are included within trade and other receivables due after one year of \$4.0 million (2020: \$4.7 million) and trade and other receivables due within one year of \$0.5 million (2020: \$0.6 million) in note 11. The liabilities have an expected life of up to 50 years (2020: 50 years). Also, in relation to discontinued operations that have been disposed of by the Group, there are open matters with regard to warranties and indemnities for which we have no specific provision as we do not consider we have a present obligation or material exposure in respect of such matters.

Environmental provisions relate to environmental liabilities within continuing operations of the Group. The liabilities have an expected life of up to ten years (2020: ten years).

Other provisions relate to the closure of Syracuse FBO and other trading matters. Other trading matters include liabilities for indirect taxes, employment matters and property dilapidation provisions from prior year acquisitions including EPIC and IAM Centre. The expected life of other trading matters is up to ten years (2020: ten years).

Analysed as:	2021 \$m	2020 \$m
Current liabilities	33.4	26.6
Non-current liabilities	22.5	27.3
	55.9	53.9

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17. Pensions and other post-retirement benefits

The Group operates a number of plans worldwide, of both the funded defined benefit type and the defined contribution type. The normal pension cost for the Group was \$10.5 million (2020: \$9.9 million) of which \$7.1 million (2020: \$6.6 million) was in respect of schemes outside of the United Kingdom. This includes \$7.8 million (2020: \$6.5 million) relating to defined contribution schemes and \$nil (2020: \$0.9 million) representing an exceptional past service cost related to GMP equalisation as outlined below. The pension costs and defined benefit obligation are assessed in accordance with the advice of independent qualified actuaries.

The Group's main UK pension commitments are contained within a final salary defined benefit scheme, the BBA Income and Protection Plan (IPP), with assets held in a separate trustee-administered fund. Contributions to the IPP are made and the pension cost is assessed using the projected unit method. As required by UK pension law, there is a Trustee that, together with the Group, is responsible for governance of the IPP.

The Group closed the defined benefit section of the IPP to future accrual with effect from 31 May 2016 after consultation with members. During late 2020 the Group consulted with members to close the defined contribution section of the IPP and transfer members to the new Signature Aviation Saving and Pension Plan, a part of the Aviva Master Trust. A significant majority of members had been fully transferred for future service before 31 December 2020 and a second consultation about ill-health and death benefits for a small number of legacy former defined benefit section members concluded in the first few weeks of 2021. For the purposes of the year-ended 31 December 2020, the Group concluded that no normal employer contributions will be made to the defined contribution section of the IPP beyond FY20.

As part of the acquisition of the Group occurring during the year, the Group and the Trustee agreed a schedule of additional contributions dated 29 June 2021. The Group has committed to pay \$5.4 million p.a. from Q4 of 2021 until 2030, or by when the IPP is fully insured if earlier. In addition to pay \$16.2 million by 31 May 2022 (this was paid on 31 December 2021).

The actuarial valuation of the UK IPP as at 31 March 2021, finalised on 20 December 2021, indicated a funding surplus of \$1.2 million. The agreed schedule of contribution (noted above), was not revised as part of this valuation. The next actuarial valuation is due as at 31 March 2024.

During 2008, the Trustee of the IPP purchased from Legal & General Group plc (L&G) an annuity to match the liabilities associated with pensioner members. On 29 February 2020 the Company extended the initial 'buy-in' policy it has with L&G through the bulk purchase of an additional tranche of annuities to cover the remaining uninsured pensioners as at March 2019. Following the extension of the policy, almost 100% of the pensioner liabilities are now insured, with children's pensions and those retiring after March 2019 not insured. The buy-in policy is a matching asset and liability and the asset value as is set has the value of the insured obligations on the accounting assumptions, as required by IAS 19. At 31 December 2021 the value of the buy-in is \$406.8 million.

On 20 November 2020 the UK High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case in respect to members who have transferred out of a scheme prior to the ruling. This has meant that the Trustee of the IPP is obligated to make transfer payments that reflect equalised benefits and is required to top up payment where this was not the case in the past. The additional cost of the impact of this ruling is recognised as an exceptional past service cost of \$0.9 million in the Income Statement.

The US Minimum Funding actuarial valuation for the BBA retirement plan as at 1 January 2021 indicated a funding deficit of \$1.4 million (2020: \$2.5 million). As required by US law, Signature Aviation Limited will make contribution payments that are in excess of the minimum required contribution amounts. The next actuarial valuation is due as at 1 January 2022.

The split of the defined benefit obligation at 31 December 2021 is approximately 35% in respect of deferred members and 65% in respect of pensioner members. The weighted average duration of the IPP's liabilities is approximately 15 years.



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17. Pensions and other post-retirement benefits continued

In accordance with IAS 19, and subject to materiality, the latest actuarial valuations of the Group's defined benefit pension plans and healthcare plan have been reviewed and updated as at 31 December 2021. The following weighted average financial assumptions have been adopted:

	United Kingdom		North America	
	2021	2020	2021	2020
Per annum (%)				
Discount rate	1.85	1.25	2.65	2.26
Price inflation	3.35	2.90	2.10	2.30
Rate of increase to pensions in payment	3.25	2.85	2.10	2.30

IAS 19 requires that the discount rate used to discount the liability be determined by reference to market yields at the reporting date on high-quality corporate bond investments. The currency and terms of these should be consistent with the currency and estimated term of the post-employment obligations. The discount rate for the IPP has been derived using a yield curve approach. The yield curve is based on the yield available on Sterling AA rated corporate bonds of a term similar to the liabilities.

The RPI assumption for the IPP allows for the shape of the inflation spot curve and the duration of the IPP liabilities. A deduction on average of 30 basis points has been made to the breakeven inflation assumption to allow for an inflation risk premium.

For the IPP, the mortality assumptions are based on the outcome of the mortality investigation undertaken for the 2021 actuarial valuation, and a best estimate view of future mortality improvements. The life expectancy assumptions applying to the IPP as at 31 December 2021 are as follows:

	2021		2020	
	Male	Female	Male	Female
Life expectancy for a current 65-year-old (years)	21.6	23.6	21.6	23.7
Life expectancy for a 65-year-old in 15 years (years)	21.8	24.6	21.8	24.9

For the US post-retirement medical plan, the immediate trend rate for medical benefits was 6.50% which is assumed to reduce by 0.5% per annum to 4.5% in 2026 onwards.

The fair value of the assets and liabilities of the schemes at each balance sheet date were:

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Assets						
Equities	131.5	124.1	10.9	14.2	142.4	138.3
Government bonds	103.1	98.7	6.3	5.7	109.4	104.4
Corporate bonds	58.7	52.8	13.9	11.3	72.6	64.1
Property	12.9	15.0	3.0	3.8	15.9	18.8
Insurance policies	406.8	457.1	–	–	406.8	457.1
Cash	34.3	21.6	2.4	1.5	36.7	23.1
Total fair value of scheme assets	747.3	769.3	36.5	36.5	783.8	805.8

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17. Pensions and other post-retirement benefits continued

For the IPP, at 31 December 2021, a total of \$495.1 million of assets were not quoted on an active investment market (comprising \$41.2 million equities, \$12.9 million property, \$406.8 million of insurance policies and \$34.2 million of other assets). All of the assets in respect of the US plans were quoted on an active investment market.

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Present value of defined benefit obligations	(678.1)	(752.9)	(43.4)	(55.6)	(721.5)	(808.5)
Assets less obligation	69.2	16.4	(15.3)	(19.1)	53.9	(2.7)
Restrictions of net defined benefit asset due to effect of the asset ceiling	(109.4)	(49.6)	–	–	(109.4)	(49.6)
Net asset/(liability) recognised on the balance sheet	(40.2)	(33.2)	(15.3)	(19.1)	(55.5)	(52.3)

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Changes to the effect of the asset ceiling during the year						
Effect of the asset ceiling at the beginning of the year	(49.6)	–	–	–	(49.6)	–
Interest on the asset ceiling	(0.6)	–	–	–	(0.6)	–
Change in the effect of the asset ceiling, excluding interest	(61.3)	(49.6)	–	–	(61.3)	(49.6)
Exchange rate gain	2.1	–	–	–	2.1	–
Effect of the asset ceiling at the end of the year	(109.4)	(49.6)	–	–	(109.4)	(49.6)

IFRIC 14 is the interpretation that details when a company can recognise any pension surplus that exists. Furthermore, if the company has a funding commitment in excess of the IAS 19 deficit, then IFRIC 14 requires recognition of this excess in those circumstances when the surplus that would result on fulfilling that commitment cannot be recognised. A surplus may be recognised either because of an unconditional right to a refund to the company, or on grounds of a future contribution reduction where schemes are still open to future accrual.

For the IPP, management is of the view that it does not have an unconditional right to a refund of surplus under IFRIC 14. Prior to the closure of the defined contribution section at the end of FY20, the Group was able to recognise a surplus in the defined benefit section on the grounds of a future contribution reduction as the Rules of the IPP allowed the option for defined benefit surplus to be used towards the Group's commitment to make contributions to the defined contribution section. Therefore, following the closure of the defined contribution section the Group must derecognise the surplus of \$69.2 million (2020: \$16.4 million) and an additional balance sheet liability in respect of a 'minimum funding requirement' of \$40.2 million (2020: \$33.2 million) has been recognised, being the present value of the committed contributions.

The funding policy for the IPP and majority of the North American plans is reviewed on a systematic basis in consultation with the independent scheme actuaries in order to ensure that the funding contributions from sponsoring employers are appropriate to meet the liabilities of the plans over the long term.

Included within other receivables in the balance sheet are \$1.5 million (2020: \$2.4 million) of listed investments which are held in trust for the benefit of members of the deferred compensation plan in North America. These amounts are not included within the assets shown in the table above as they are not controlled by the plan in question.

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Analysis of Income Statement charge						
Net interest on the net defined benefit liability	0.4	(0.6)	0.3	0.4	0.7	(0.2)
Administration expenses	2.0	1.8	0.7	0.7	2.7	2.5
Recognition of past service cost – GMP equalisation	–	0.9	–	–	–	0.9
Expense recognised in Income Statement	2.4	2.1	1.0	1.1	3.4	3.2

The past service cost of \$0.9 million in 2020 represents GMP equalisation which was recognised within exceptional and other items (see note 2).



Notes to the Consolidated Financial Statements continued

17. Pensions and other post-retirement benefits continued

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Changes to the present value of the defined benefit obligation during the year						
Defined benefit obligation at beginning of year	752.9	681.6	55.6	54.0	808.5	735.6
Interest cost	9.2	12.6	1.1	1.5	10.3	14.1
Past service cost – GMP equalisation	–	0.9	–	–	–	0.9
Actuarial losses/(gains) due to change in financial assumptions	(24.3)	65.7	(2.0)	4.3	(26.3)	70.0
Actuarial gains due to change in demographic assumptions	(3.2)	2.3	0.4	(0.5)	(2.8)	1.8
Experience (gains)/losses on scheme liabilities	(4.8)	(0.8)	–	(0.2)	(4.8)	(1.0)
Net benefits paid out	(42.1)	(32.9)	(3.4)	(3.5)	(45.5)	(36.4)
Foreign currency exchange rate changes	(9.6)	23.5	–	–	(9.6)	23.5
Defined benefit obligation at end of year	678.1	752.9	51.7	55.6	729.8	808.5

	United Kingdom		North America		Total	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Changes to the fair value of scheme assets during the year						
Fair value of scheme assets at beginning of year	769.3	712.0	36.5	35.3	805.8	747.3
Interest income on scheme assets	9.4	13.2	0.8	1.1	10.2	14.3
Actual employer contributions	24.9	4.2	0.9	1.4	25.8	5.6
Net benefits paid out	(42.1)	(32.9)	(3.4)	(3.5)	(45.5)	(36.4)
Actuarial (losses)/gains on assets	(1.7)	51.1	2.4	2.9	0.7	54.0
Actual expenses/taxes and premiums paid	–	–	(0.7)	–	(0.7)	–
Administration expenses	(2.0)	(1.8)	–	(0.7)	(2.0)	(2.5)
Foreign currency exchange rate changes	(10.5)	23.5	–	–	(10.5)	23.5
Fair value of plan assets at end of year¹	747.3	769.3	36.5	36.5	783.8	805.8
Assets less obligation ¹	69.2	16.4	(15.2)	(19.1)	53.9	(2.7)

1 A one-off employer deficit contribution took place upon the unwinding of the Asset-Backed Funding (ABF) arrangement in 2019.

Total employer contributions to the IPP over the period were \$24.9 million, including \$23.4 million of deficit contributions and \$1.5 million in regular contributions to meet the plan expenses (including PPF levies). The Group confirmed the deficit contribution payment of \$0.9 million due in December 2020 was made on 4 January 2021 and so within the period of reporting. As such this amount has been included in these figures.

At 31 December 2021, the largest single category of investment held by the IPP were annuities purchased from Legal & General which match the liabilities associated with pensioner members, with a value of \$406.8 million (54% of the UK asset holding at 31 December 2021). The value of these annuities has been calculated as being \$6 million lower in value to the pensioner liabilities which they match, as the benefits insured are very slightly different to those in the IPP, and the provision for GMP equalisation has been removed. Otherwise, the same actuarial assumptions used to calculate the corresponding element of the defined benefit obligation have been used. The purpose of the annuities is to help reduce asset/liability mismatch risk.

The remainder of the assets of the IPP are invested in a range of funds with different risk and return profiles, with equities being the next largest asset class held after the insurance contract. The objective of the remainder of the portfolio is to generate excess returns, in order to partially fund the IPP through asset performance. To the extent that actual investment returns achieved are lower than those assumed, then this may result in a worsening of the funding position and higher future cash contributions required for the Group. This is particularly the case in respect of the proportion of the assets held within equity instruments.

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17. Pensions and other post-retirement benefits continued

The assets of the US Plans are invested in a range of funds with different risks and return profiles. The risks inherent in the investment strategy for these Plans are similar to the risks posed by the investment strategy for the IPP, albeit they are smaller in magnitude given the size of the US Plans relative to the IPP.

	United Kingdom		North America		Total	
	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m
Actual return on scheme assets	7.7	64.3	3.2	4.0	10.9	68.3

	United Kingdom		North America		Total	
	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m
Analysis of amounts recognised in the Statement of Comprehensive Income						
Liability (losses)/gains due to changes in financial assumptions	24.3	(65.7)	2.0	(4.3)	26.3	(70.0)
Liability (losses)/gains due to changes in demographic assumptions	3.2	(2.3)	(0.4)	0.5	2.8	(1.8)
Asset gains/(losses) arising during the year	(1.7)	51.1	2.3	2.9	0.6	54.0
Experience gains/(losses) on scheme liabilities	4.8	0.8	–	0.2	4.8	1.0
Losses due to the effect of the asset ceiling	(61.4)	(49.6)	–	–	(61.4)	(49.6)
Total (losses)/gains before exchange rate items	(30.8)	(65.7)	3.9	(0.7)	(26.9)	(66.4)
Exchange gains	1.2	–	–	–	1.2	–
Total (losses)/gains recognised in the Statement of Comprehensive Income	(29.6)	(65.7)	3.9	(0.7)	(25.7)	(66.4)

The IPP is exposed to inflation risk as a result of the plan rules granting inflation-linked increases to pensions in payment and deferment. There is also a longevity risk to the IPP if member mortality improves beyond expectations. As the IPP holds 54% of its assets in insurance annuity contracts for pensioners in payment, changes in the defined obligation for these members has no impact on the balance sheet position. The sensitivity of the liabilities to such changes are given below.

	Impact on defined benefit obligation		
	United Kingdom	North America	Total
	\$m	\$m	\$m
Sensitivity analysis of the principal assumptions used to measure plan defined benefit obligations			
Increase of 0.25% in discount rate	(22.9)	(1.3)	(24.2)
Decrease of 0.25% in discount rate	24.1	1.3	25.4
Increase of 0.25% in inflation	17.8	0.2	18.0
Decrease of 0.25% in inflation	(18.2)	(0.2)	(18.4)
Increase of 0.25% in pension increase rate	19.0	0.2	19.2
Decrease of 0.25% in pension increase rate	(18.2)	(0.2)	(18.4)
Increase of one year in life expectancy	41.4	2.1	43.5
Decrease of one year in life expectancy	(37.4)	(2.1)	(39.5)

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant, therefore interdependencies between assumptions are excluded, with the exception of the inflation rate sensitivity which also impacts the pension increase assumptions. The analysis also makes no allowance for the impact of changes in gilt and corporate bond yields on asset values. The methodology applied is consistent to that used to determine the defined benefit obligation.

	United Kingdom	North America	Total
	\$m	\$m	\$m
Employer contributions for 2022 are estimated to be as follows:	7.0	1.0	8.0



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18. Deferred tax

	Property, plant and equipment \$m	Other assets/ (liabilities) \$m	Goodwill and intangibles \$m	Tax credits/ (losses) \$m	Retirement benefits \$m	Share-based payments \$m	Total \$m
Balance as at 1 January 2020 ¹	(6.8)	50.6	(140.0)	5.2	5.1	5.8	(80.1)
(Expense)/credit for the year from continuing operations	(0.8)	(4.5)	(3.4)	2.5	(0.5)	0.4	(6.3)
(Expense)/credit for the year from ERO discontinued operations	(1.8)	7.3	(0.8)	–	–	–	4.7
Expense for the year from Onic discontinued operations	–	(0.2)	–	(1.0)	–	–	(1.2)
Credit to other comprehensive income and equity	–	–	–	–	6.6	1.3	7.9
Acquisitions ²	–	–	(2.5)	–	–	–	(2.5)
Exchange adjustments	(0.3)	0.4	(0.4)	0.1	0.1	0.3	0.2
Balance as at 31 December 2020¹	(9.7)	53.6	(147.1)	6.8	11.3	7.8	(77.3)
Credit/(expense) for the year from continuing operations	2.9	7.5	(0.1)	7.8	(1.6)	(4.3)	12.2
(Expense)/credit for the year from ERO discontinued operations	(0.8)	(18.3)	(0.4)	–	–	–	(19.5)
Credit/(expense) to other comprehensive income and equity	–	–	–	–	6.5	(3.3)	3.2
Acquisitions ²	(7.7)	2.3	5.7	–	–	–	0.3
Divestitures ³	12.8	(1.3)	1.0	–	–	–	12.5
Exchange adjustments	0.2	(0.3)	0.2	(0.1)	–	(0.2)	(0.2)
Balance as at 31 December 2021	(2.3)	43.5	(140.7)	14.5	16.2	–	(68.8)

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

² Acquisitions of \$0.3 million (2020: \$2.5 million) includes \$nil (2020: \$nil) of deferred tax asset that was acquired and not accounted for as a business combination under IFRS 3 and hence not presented under note 23.

³ Divestitures of \$12.5 million relates to the ERO disposal (see note 24).

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 \$m	2020 \$m
Deferred tax liabilities	(98.9)	(92.7)
Deferred tax assets	30.1	15.4
	(68.8)	(77.3)

At the balance sheet date, the Group has gross temporary differences and tax losses of \$0.9 billion (2020: \$1.3 billion) available for offset against future profits for which deferred tax has not been recognised. These assets have not been recognised as the precise incidence of future profits in the relevant countries and legal entities cannot be accurately predicted at this time. Other losses may be carried forward indefinitely under current tax legislation.

At balance sheet date, the value of unremitted earnings of the Group's subsidiaries on which no deferred tax liability has been provided is \$42.8million (2020: \$42.8million). No deferred tax liability has been recognised for these items on the basis that the Group can control the timing of the remittance of these reserves and there are currently no plans for these reserves to be remitted.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

As part of Finance Bill 2021, the UK Government announced an intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. Finance Bill 2021 was substantively enacted by the Government on 24 May 2021. Accordingly, when calculating the deferred tax assets and liabilities as at 31 December 2021, all UK timing differences expected to reverse prior to 1 April 2023 have been calculated using the existing corporation tax rate of 19%, and all UK timing differences expected to reverse after this date have been calculated using the corporation tax rate of 25%. The impact of the tax rate change on existing deferred tax balances has been calculated to be a \$2.6 million deferred tax benefit.

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19. Share capital and reserves

	Allotted, called up and fully paid	
	2021 millions	2020 millions
Share capital		
Number of shares		
Ordinary 37 ¹⁷ / ₆₄ p shares (2020: 37 ¹⁷ / ₆₄ p shares)		
At the start of the year	839.7	838.5
Issued during the year	10.4	1.2
Cancellation of treasury shares	(10.9)	–
At the end of the year	839.2	839.7
5% cumulative preference £1 shares at the start and end of the year	0.2	0.2
	2021 \$m	2020 \$m
Nominal value of shares		
Equity shares		
Ordinary 37 ¹⁷ / ₆₄ p shares (2020: 37 ¹⁷ / ₆₄ p shares)	510.5	510.6
Non-equity shares		
5% cumulative preference £1 shares	0.2	0.2
Issue of share capital		
During the year, the Group issued 10.4 million ordinary 37 ¹⁷ / ₆₄ p shares (2020: 1.2 million ordinary 37 ¹⁷ / ₆₄ p shares) to satisfy the vesting of share awards under the Signature Aviation Limited share option schemes. The consideration for shares issued in respect of share options was \$5.5 million (2020: \$0.5 million).		
Cancellation of treasury shares		
On 3 September 2021, the Company cancelled 10.9 million (2020: nil) ordinary 37 ¹⁷ / ₆₄ p shares with nominal value of \$5.6 million, thus reducing the issued share capital of the Company.		
	2021 \$m	2020 \$m
Reserves attributable to equity interests:		
Share premium account		
Beginning and end of year	1,594.5	1,594.5
Other reserve		
Beginning and end of year	(10.5)	(10.5)
Treasury reserve		
Beginning of year	(96.7)	(95.7)
Purchase of own shares	(11.8)	(2.9)
Sale/transfer of own shares	0.8	0.6
Transfer to retained earnings	7.1	1.3
End of year	(100.6)	(96.7)
Capital reserve		
Beginning of year	54.7	56.6
Credit to equity for equity-settled share-based payments	18.6	6.0
Transfer to retained earnings on exercise of equity-settled share-based payments	(41.8)	(7.9)
Capital contribution	1.4	–
End of year	32.9	54.7



Notes to the Consolidated Financial Statements continued

19. Share capital and reserves continued

	2021 \$m	2020 \$m
Hedging reserve		
Beginning of year	(7.2)	(7.5)
(Decrease)/Increase in fair value of foreign exchange cash flow hedges	(0.2)	0.1
Transfer fair value relating to foreign exchange cash flow hedges to Income Statement	0.1	0.2
End of year	(7.3)	(7.2)
Translation reserve		
Beginning of year	(65.3)	(73.1)
Exchange differences on translation of foreign operations	(0.7)	7.8
Recycling of translational exchange differences accumulated in equity upon disposal of subsidiary	5.0	-
End of year	(61.0)	(65.3)
Retained earnings		
Beginning of year (restated ¹)	(403.6)	(334.7)
(Loss)/profit for the year attributable to equity holders of Signature Aviation Limited (restated ¹)	23.6	(16.5)
Actuarial losses	(25.7)	(66.4)
Deferred tax on items taken directly to reserves	3.2	6.6
Cancellation of treasury shares	5.6	-
Transfer from capital reserve on exercise of equity-settled share-based payments	41.8	7.9
Transfer from treasury reserve	(7.1)	(1.3)
Change in non-controlling interests	0.1	0.8
End of year	(362.1)	(403.6)

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

At 31 December 2021, nil ordinary 37¹/₄p shares (2020: 1,242,249 ordinary 37¹/₄p shares) with a nominal value of £nil (2020: £0.5 million) and a market value of \$nil (2020: \$6.6 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances.

Rights of non-equity interests

5% cumulative preference £1 shares:

- entitle holders, in priority to holders of all other classes of shares, to a fixed cumulative preferential dividend at a rate of 5.0% per annum per share payable half yearly in equal amounts on 1 February and 1 August;
- on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital together with a premium of 12.5p per share and a sum equal to any arrears or deficiency of dividend; this right is in priority to the rights of the ordinary shareholders; and
- carry the right to attend and vote at a general meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is six months or more in arrears, or if a resolution is to be considered at the meeting for winding up the Company or reducing its share capital or sanctioning the sale of the undertakings of the Company or varying or abrogating any of the special rights attached to these.

Rights of equity interests in 37¹/₄p ordinary shares (2020: 37¹/₄p ordinary shares)

The rights of equity interests in 37¹/₄p shares (2020: 37¹/₄p ordinary shares):

- each share has equal rights to dividends;
- carry no right to fixed income;
- on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital; this right is subordinate to the rights of the preference shareholders; and
- carry the right to attend and vote at a meeting of the Company.

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20. Share-based payments**Equity-settled share-based payments**

All share schemes as reflected on the tables below ended on 1 June 2021 on acquisition of Signature Aviation Limited and de-listing.

(i) Share options

The Group plan provides for a grant price equal to the average of the middle market price of a Signature Aviation Limited ordinary share up to five dealing days prior to the date of grant. The vesting period is generally three years. Share options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	1,873,082	223p	2,390,668	239p
Granted during the year	–	–	695,293	207p
Exercised during the year	(1,823,408)	222p	(281,329)	235p
Lapsed during the year	(49,674)	242p	(931,550)	250p
Outstanding at the end of the year	–	–	1,873,082	223p

The weighted average share price at the date of exercise for share options exercised during the period was 397p (2020: 301p). All share options were settled by 1 June 2021 and no share options were granted during the year.



Notes to the Consolidated Financial Statements continued

20. Share-based payments continued

(ii) Share awards

Details of the conditional share awards outstanding during the year are as follows:

	Number of shares 2021	Number of shares 2020
Outstanding at the beginning of the year	9,268,639	9,198,338
Granted during the year	2,015,639	3,700,344
Exercised during the year	(11,227,316)	(2,317,164)
Lapsed during the year	(56,962)	(1,312,879)
Outstanding at the end of the year	-	9,268,639

The weighted average fair value of conditional shares granted in the year was 400p (2020: 195p). All share awards were settled by 1 June 2021.

(iii) Expense charged to Income Statement

The Group recognised a total expense of \$18.6 million (2020: \$5.8 million) related to equity-settled share-based payment transactions and nothing related to cash-settled share-based payment transactions during the year (2020: \$nil). \$16.0 million (2020: \$nil) of that expense was classified as exceptional.

(iv) Other share-based payment plan

The Company's Savings Related Share Option Plan was settled and closed by 1 June 2021.

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21. Net cash flow from operating activities

All Alternative Performance Measures are reconciled to IFRS measures and explained in note 28.

	2021 \$m	2020 \$m
Operating profit (restated ¹)	286.9	95.3
Operating profit from ERO discontinued operations	26.1	48.8
Less: share of profit from associates and joint ventures	(2.8)	(4.0)
Profit from operations	310.2	140.1
Depreciation of property, plant and equipment	70.5	68.5
Depreciation of right of use asset	83.2	83.2
Amortisation of intangible assets (restated ¹)	77.5	80.0
(Loss)/profit on sale of property, plant and equipment	(0.5)	1.7
Share-based payment expense	2.6	5.8
(Decrease)/increase in provisions	(4.1)	6.5
Pension scheme payments	(22.6)	(3.3)
Other non-cash items	2.7	1.7
Unrealised foreign exchange movements	–	1.1
Operating cash inflows before movements in working capital	519.5	385.3
Increase in working capital	(107.1)	(14.3)
Cash generated by operations	412.4	371.0
Net income taxes paid	(22.9)	(74.8)
Transaction costs (acquisition by Bidco)	(58.1)	–
Net cash inflow from operating activities	331.4	296.2
Dividends received from associates and joint ventures	3.2	2.7
Purchase of property, plant and equipment	(82.6)	(70.0)
Purchase of intangible assets (restated ¹)	(6.9)	(4.2)
Proceeds from disposal of property, plant and equipment	1.2	0.3
Interest received	34.9	0.8
Interest received on sublease assets	1.5	1.6
Receipt of capital element of sublease assets	2.9	2.8
Interest paid	(71.4)	(50.0)
Transaction costs (acquisition by Bidco)	58.1	–
Interest paid on lease liabilities	(77.4)	(77.0)
Payments of lease liabilities	(91.1)	(60.1)
Free cash flow²	103.8	43.1

1 The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

2 Free cash flow is defined as an APM. All APMs are reconciled to International Financial Reporting Standards (IFRS) measures and explained in note 28.



Notes to the Consolidated Financial Statements continued

22. Analysis of changes in net debt

	At 1 January 2021 \$m	Cash (inflow)/ outflow ¹ \$m	Fair value movements \$m	Foreign exchange movements \$m	Amortisation costs \$m	Net acquisitions and disposals \$m	New leases and modifications \$m	Reclassify between categories \$m	At 31 December 2021 \$m
Bank loans	5.0	–	–	–	(5.0)	–	–	–	–
US senior notes ²	(1,194.2)	1,036.2	59.5	–	(14.1)	–	–	–	(112.6)
Term loan B	–	(1,349.8)	–	–	(6.6)	–	–	–	(1,356.4)
Other loans	(18.9)	18.6	–	–	–	–	–	–	(0.3)
Arising from financing activities	(1,208.1)	(295.0)	59.5	–	(25.7)	–	–	–	(1,469.3)
Cash and cash equivalents	168.0	88.3	–	7.3	–	5.2	–	(2.1)	266.7
Net debt per Balance Sheet excluding lease liabilities ³	(1,040.1)	(206.7)	59.5	7.3	(25.7)	5.2	–	(2.1)	(1,202.6)
Lease liabilities	(1,143.8)	86.8	–	1.4	–	(11.3)	(173.9)	–	(1,240.8)
Net debt per Balance Sheet including lease liabilities ²	(2,183.9)	(119.9)	59.5	8.7	(25.7)	(6.1)	(173.9)	(2.1)	(2,443.4)
Less fair value adjustments	59.5	–	(59.5)	–	–	–	–	–	–
Net debt classified as held for sale ⁴	(59.1)	4.3	–	–	–	52.7	–	2.1	–
Adjusted net debt on a cash flow basis ^{2,3,5}	(2,183.5)	(115.6)	–	8.7	(25.7)	46.6	(173.9)	–	(2,443.4)

	At 1 January 2020 \$m	Cash (inflow)/ outflow ¹ \$m	Fair value movements \$m	Foreign exchange movements \$m	Amortisation costs \$m	Net acquisitions and disposals \$m	New leases and modifications \$m	Reclassify between categories \$m	At 31 December 2020 \$m
Bank loans	5.0	0.9	–	–	(0.9)	–	–	–	5.0
US senior notes ²	(1,145.7)	–	(46.1)	–	(2.4)	–	–	–	(1,194.2)
Other loans	(0.3)	(18.6)	–	–	–	–	–	–	(18.9)
Arising from financing activities	(1,141.0)	(17.7)	(46.1)	–	(3.3)	–	–	–	(1,208.1)
Cash and cash equivalents	113.2	51.1	–	(2.4)	–	–	–	6.1	168.0
Net debt per Balance Sheet excluding lease liabilities ³	(1,027.8)	33.4	(46.1)	(2.4)	(3.3)	–	–	6.1	(1,040.1)
Lease liabilities	(1,181.8)	50.8	–	(4.5)	–	(5.3)	(3.0)	–	(1,143.8)
Net debt per Balance Sheet including lease liabilities ²	(2,209.6)	84.2	(46.1)	(6.9)	(3.3)	(5.3)	(3.0)	6.1	(2,183.9)
Less fair value adjustments	13.4	–	46.1	–	–	–	–	–	59.5
Net debt classified as held for sale ⁴	(54.5)	9.3	–	(0.1)	–	–	(7.7)	(6.1)	(59.1)
Adjusted net debt on a cash flow basis ^{2,3,5}	(2,250.7)	93.5	–	(7.0)	(3.3)	(5.3)	(10.7)	–	(2,183.5)

1 The cash flows from bank loans, US senior notes, term loan B and other loans make up the net increase/(decrease) in loans in the cash flow statement, net of transaction costs.

2 Within the Group's definition of net debt the senior notes are included at their face value of \$113.8 million (2020: \$115.0 million) reflecting the fact that the liabilities will be in place until maturity. In 2020 the face value of senior notes was \$59.5 million lower than the carrying value.

3 All Alternative Performance Measures are reconciled to IFRS measures and explained in note 28.

4 Cash outflows within net debt classified as held for sale for the year ended 31 December 2021 includes \$6.0 million payment of lease liabilities (2020: \$9.3 million).

5 Adjusted net debt on a Cash Flow basis is Balance Sheet net debt excluding fair value adjustments and including any net debt classified for sale.

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23. Acquisition of businesses

During the year the Group made the following acquisitions:

On 9 September 2021, the Group's Signature business acquired the remaining 51% share in Signature STT, LLC ('STT') giving the Group 100% ownership. The consideration for the 100% subsidiary was implied to be \$20.8 million. The fair value of the associate investment in STT at the date of change of control can be implied by the purchase price applicable to the 51% share. The fair value of \$10.7 million purchase price for the remaining 51% shareholding equates to a fair value of the 100% entity of \$20.8 million. The existing 49% shareholding therefore has a fair value of \$10.1 million. Signature remeasured its associate investment in STT to fair value at the date of change of control and recognised the fair value uplift of \$1.1 million gain in the profit/(loss) before tax.

In the period since acquisition of Signature STT, LLC, the operations acquired during 2021 have contributed \$4.2 million to revenue and an operating loss of \$0.4 million. If the acquisition had occurred on the first day of the financial year, the total revenue and operating profit from this acquisition would have been \$13.4 million and \$1.4 million respectively.

On 30 November 2021, the Group's Signature business purchased a FBO Vail Valley Jet Center ('VVJC'), for a total cash consideration of \$323.1 million. The headline price for the acquisition was \$325.0 million with \$323.1 million cash paid net of working capital and other adjustments.

In the period since acquisition of VVJC, the operations acquired during 2021 have contributed \$4.1 million to revenue and an operating profit of \$2.0 million. If the acquisition had occurred on the first day of the financial year, the total revenue and operating profit from this acquisition would have been \$33.6 million and \$15.7 million respectively.

The provisional fair values of the net assets acquired, measurement period adjustments and goodwill arising on these acquisitions are set out below:

	Vail Valley Jet Center \$m	St Thomas Jet Center \$m	Arrindell Aviation by Signature N.V. ¹ \$m	Total 2021 \$m
Intangible assets	216.6	11.6	–	228.2
Property, plant and equipment	59.4	4.1	–	63.5
Right of use assets	10.3	1.0	–	11.3
Inventory	0.2	0.5	–	0.7
Receivables	0.7	1.5	–	2.2
Cash	2.0	2.5	–	4.5
Payables	(2.2)	(3.0)	–	(5.2)
Provisions	(5.1)	(0.1)	–	(5.2)
Lease liabilities	(10.3)	(1.0)	–	(11.3)
Net assets	271.6	17.1	–	288.7
Goodwill	51.5	3.7	–	55.2
Reduction in non-controlling interest ¹	–	–	0.7	0.7
Total consideration	323.1	20.8	0.7	344.6
Satisfied by:				
Cash consideration	323.1	10.7	0.7	334.5
Fair value of previously held equity interest in STT	–	10.1	–	10.1
Net cash consideration	323.1	20.8	0.7	344.6
Net cash flow arising on acquisition:				
Cash consideration	323.1	10.7	0.7	334.5
Cash acquired on acquisition of businesses	(2.0)	(2.5)	–	(4.5)
Acquisition of businesses, net of cash acquired	321.1	8.2	0.7	330.0

1 On 2 July 2021, the Group acquired the remaining 5% investment in Arrindell Aviation by Signature N.V. (St Maarten FBO) for \$0.7 million. No net assets were acquired as the entity was already a subsidiary of the Group prior to the purchase of the remaining 5%. Per IFRS 3, no goodwill arose from the acquisition.



Notes to the Consolidated Financial Statements *continued*

23. Acquisition of businesses *continued*

Vail Valley Jet Center

	Net book value on the opening balance sheet \$m	Debt paid off on acquisition \$m	Fair value adjustments \$m	Vail Valley Jet Center Total \$m
Intangible assets	1.4	–	215.2	216.6
Property, plant and equipment	30.4	–	29.0	59.4
Right of use assets	–	–	10.3	10.3
Inventories	0.3	–	(0.1)	0.2
Receivables	0.7	–	–	0.7
Cash	2.0	–	–	2.0
Payables	(1.8)	–	(0.4)	(2.2)
Provisions	–	–	(5.1)	(5.1)
Lease liabilities	–	–	(10.3)	(10.3)
Borrowings	(9.8)	9.8	–	–
Net assets	23.2	9.8	238.6	271.6
Goodwill				51.5
Total consideration				323.1

Signature STT, LLC

	Net book value on the opening balance sheet \$m	Debt paid off on acquisition \$m	Fair value adjustment \$m	St Thomas Jet Centre Total \$m
Intangible assets	–	–	11.6	11.6
Property, plant and equipment	1.3	–	2.8	4.1
Right of use assets	–	–	1.0	1.0
Inventories	0.5	–	–	0.5
Receivables	1.8	–	(0.3)	1.5
Cash	2.5	–	–	2.5
Payables	(0.6)	–	(2.4)	(3.0)
Provisions	–	–	(0.1)	(0.1)
Lease liabilities	–	–	(1.0)	(1.0)
Net assets	5.5	–	11.6	17.1
Goodwill				3.7
Total consideration				20.8

Prior period acquisitions

On 31 July 2020, the Group's Signature business purchased aviation services provider TAG Aviation FBO SA, comprising two FBOs in Switzerland for a total consideration of \$23.2 million.

On 18 December 2020, the Group's Signature business acquired the remaining 50% stake in Long Beach Fuel Consortium LLC for \$nil consideration.

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24. Disposals and assets and associated liabilities classified as held for sale**ERO divestiture**

It was announced in March 2018 that ERO was under strategic review. At the end of May 2018, management committed to a plan to sell substantially all of the ERO business and as such at that point the relevant assets and liabilities were classified as held for sale. At that time, as a major line of the Group's business, the ERO operations were also classified as a discontinued operation. ERO Middle East was not classified as a discontinued operation as it had been closed.

On 1 July 2021, the sale of the ERO business was completed for headline consideration of \$230 million on a cash-free and debt-free basis.

Results of ERO discontinued operations

	Notes	2021			2020		
		Underlying ¹ \$m	Exceptional and other items \$m	Total \$m	Underlying ¹ \$m	Exceptional and other items \$m	Total \$m
Revenue	1	245.8	–	245.8	507.4	–	507.4
Cost of sales		(200.3)	–	(200.3)	(425.8)	–	(425.8)
Gross profit		45.5	–	45.5	81.6	–	81.6
Distribution costs		(12.8)	–	(12.8)	(26.9)	–	(26.9)
Administrative expenses		(12.8)	–	(12.8)	(17.5)	–	(17.5)
Restructuring costs		–	0.2	0.2	–	–	–
Operating profit including Group charges		19.9	0.2	20.1	37.2	–	37.2
Elimination of internal Group charges		6.0	–	6.0	11.6	–	11.6
Operating profit	1, 2	25.9	0.2	26.1	48.8	–	48.8
Transaction costs		–	–	–	–	(2.6)	(2.6)
Finance costs	3	(2.0)	–	(2.0)	(4.0)	–	(4.0)
Impairment and other charges on classification as held for sale		–	–	–	–	(41.7)	(41.7)
Loss on disposal ²		–	(35.4)	(35.4)	–	–	–
Profit/(loss) before tax		23.9	(35.2)	(11.3)	44.8	(44.3)	0.5
Tax (charge)/credit	4	(5.6)	(1.8)	(7.4)	(8.5)	8.2	(0.3)
Profit/(loss) for the year		18.3	(37.0)	(18.7)	36.3	(36.1)	0.2
Attributable to:							
Equity holders of Signature Aviation Limited		18.3	(37.0)	(18.7)	36.3	(36.1)	0.2
Non-controlling interests		–	–	–	–	–	–
Profit/(loss) for the year		18.3	(37.0)	(18.7)	36.3	(36.1)	0.2

1 Underlying profit is stated before exceptional and other items.

2 The loss on disposal of \$35.4 million reported in exceptional and other items includes \$143.9 million of transaction costs, \$5.0 million recycling of translational differences accumulated in equity, and the loss on disposal.

Cash flows from/(used in) ERO discontinued operations

	2021 \$m	2020 \$m
Net cash inflow from operating activities	39.8	36.6
Net cash outflow from investing activities	(2.7)	(5.0)
Net cash outflow from financing activities	(6.2)	(13.4)
Net cash inflow for the year¹	30.9	18.2

1 Net cash flows in the year comprise \$26.1 million (2020: \$48.8 million) operating profit, \$17.2 million inflow (2020: \$7.9 million outflow) working capital movement, \$nil (2020: \$0.2 million outflow) non-cash items and \$1.8 million (2020: \$0.4 million) tax paid in relation to ERO discontinued operations.



Notes to the Consolidated Financial Statements continued

24. Disposals and assets and associated liabilities classified as held for sale continued

The net assets of ERO at the date of disposal, 1 July 2021, were as follows

	1 July 2021 \$m
Intangible assets	0.5
Property, plant and equipment	2.4
Right of use asset	28.7
Inventories	134.4
Receivables	130.2
Cash	5.2
Payables	(107.3)
Provisions	(1.5)
Lease liabilities	(57.9)
Net assets disposed of	134.7
Loss on disposal ¹	(35.4)
Net consideration	99.3
Satisfied by:	
Cash consideration	236.0
Net cash flow arising on disposal:	
Consideration received in cash and cash equivalents	236.0
Transaction costs ²	(141.4)
Cash and cash equivalents disposed of	(5.2)
Proceeds from disposal of businesses, net of cash disposed of	89.4

¹ The loss on disposal includes \$12.5 million of deferred tax liabilities that left the Group upon the disposal of ERO (see note 18).

² Transaction costs include \$89.0 million change of control fees of which \$19.9 million was received back from the buyer in the cash consideration received of \$244.7 million as part of the Sale and Purchase Agreement.

The loss on disposal is included in the loss for the year from ERO discontinued operations.

Prior period disposals

On 2 March 2020 Signature sold its 24.5% stake in GAMA Aviation (GASAM) for \$20.0 million to Wheels Up Partners LLC. Under the terms of the sale of GASAM the consideration paid by Wheels Up Partners LLC was made up of an upfront payment of \$12.5 million payable at settlement, and a Promissory Note with the principal amount of \$7.5 million over eight equal biannual payments (with compounding monthly interest payments). There was a \$2.0 million gain on the disposal in the year ended 31 December 2020. A \$6.3 million repayment of the promissory note was received from GASAM during the year.

In the prior year, the Group received total gains of \$9.3 million in addition to its profit on disposal reported in 2019 following the sale of the Ontic business to Bleriot US Bidco Inc on 31 October 2019.

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25. Government grants

The details of the government grant received and utilised are set out below:

	2021 \$m	2020 \$m
Received during the year	6.5	61.2
Income statement		
Released to the statement of profit and loss	(6.5)	(61.2)
	(6.5)	(61.2)

In April 2020 Signature Flight Support LLC made an application to the US Treasury Department under the CARES Act for US payroll support. It was approved in June 2020, therefore enabling all furloughed US staff back into the business as the market recovery continued. The CARES Act support funding was used solely to fund the payroll for US employees.

The total amount of the CARES Act grant awarded to Signature Flight Support LLC was \$61.2 million in 2020 and a further \$6.5 million in 2021. Therefore, this was total amount of US employee payroll salaries and benefits incurred between 19 June 2020 and 31 December 2021 that was eligible to be offset against the CARES Act grant in the underlying results.

There are no unfulfilled conditions or contingencies attached to these grants.

Signature Flight Support LLC entered into a promissory note of \$23.7 million (2020: \$18.6 million) from the US Treasury Department, under Section 4003 'Lending to Air Carriers and Businesses Critical to National Security' of the CARES Act (Section 4003(c)(2) of the CARES Act). This was fully repaid in June 2021, therefore the promissory note outstanding as at 31 December 2021 was \$nil (2020: \$18.6 million) (note 14).



Notes to the Consolidated Financial Statements continued

26. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties including loans and transactions with affiliated companies are detailed below.

Compensation of key management personnel

Key management are the directors and members of the Executive Leadership Team. The remuneration of Directors and other members of key management during the year was as follows:

	2021 \$m	2020 \$m
Short-term benefits	8.7	5.6
Termination benefits	6.4	–
Post-employment benefits	0.5	0.6
Share-based payments	7.1	1.2
	22.7	7.4

Post-employment benefits include contributions of \$0.2 million (2020: \$0.6 million) in relation to defined contribution schemes.

The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends. The Directors' remuneration is disclosed in the Employees note 5 on page 36.

Other related party transactions

During the year, Group companies entered into the following transactions with related parties which are not members of the Group:

	Sales of goods		Management fees		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Associates and joint ventures	488.1	146.9	–	–	443.9	402.8	71.9	14.8	12.6	34.9
Affiliated companies	–	–	0.1	–	–	–	35.6	–	–	–

Purchases of goods principally relates to the purchase of aviation fuel including excise taxes. Purchases were made at market price discounted to reflect the quantity of goods purchased. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

At the balance sheet date, Group companies had loan receivables from associates and joint ventures of \$71.9 million (2020: \$14.8 million). The loans are unsecured and will be settled in cash, and were made on terms which reflect the relationships between the parties.

The Group operates various pension and other post-retirement benefit schemes for its employees. Details are set out in note 17.

Affiliated companies relate to indirect and direct parent companies to the Group.

27. Post Balance Sheet events

The Group entered into multiple interest rate swaps effective 28 February 2022 for a combined total of \$1,323 million. As at the effective date of the swaps, the outstanding swaps hedge 95% of the underlying Term B loans with an effective rate of 1.87%. The termination date for the combined swaps is 28 February 2027.

On 16 March 2022 the Group entered into an agreement to purchase TAC Air, a company operating FBOs throughout the US. The transaction is subject to competition clearance and, if such clearance is granted under terms that are acceptable to the Group, is anticipated to complete during the second half of 2022.

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28. Alternative Performance Measures

Introduction

We assess the performance of the Group using a variety of Alternative Performance Measures. We principally discuss the Group's results on an 'adjusted' and/or 'underlying' basis. Results on an underlying or adjusted basis are presented before exceptional and other items.

Alternative Performance Measures have been defined and reconciled to the nearest GAAP measure below, along with the rationale behind using the measures.

The alternative performance measures we use are: organic revenue growth, net revenue, underlying operating profit and margin, EBITDA, underlying EBITDA and margin, operating cash flow, free cash flow, cash conversion, and net debt. A reconciliation from these adjusted performance measures to the nearest measure prepared in accordance with IFRS is presented below. The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Exceptional and other items

The Group's Income Statement separately identifies trading results before exceptional and other items. The Directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Leadership Team and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is treated as an exceptional and other item, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition and which have been presented as exceptional items in the current and/or prior years include costs relating to acquisitions which are material to the associated business segment, costs related to strategic disposals (including those previously completed), significant restructuring programmes (some of which span multiple years), and impairment charges. In the event that other items meet the criteria, which are applied consistently from year to year, they are treated as exceptional and other items. Other items include amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3. These charges are presented separately to improve comparability of the Group's underlying profitability with peer companies.

Exceptional and other items are disclosed and reconciled to the nearest GAAP measure in note 2 to the Consolidated Financial Statements.

Organic revenue growth

Organic revenue growth is a measure which seeks to reflect the performance of the Group that will contribute to long-term sustainable growth. As such, organic revenue growth excludes the impact of acquisitions or disposals, fuel price movements and foreign exchange movements. We focus on the trends in organic revenue growth.

A reconciliation from the growth in reported revenue, the most directly comparable IFRS measures, to the organic revenue growth, is set out below.

	2021 \$m	2020 \$m
Reported revenue prior year (continuing and discontinued)	1,921.3	3,017.4
Revenue prior year (continuing)	1,413.9	2,260.5
Revenue prior year (ERO discontinued)	507.4	538.3
Revenue prior year (Qntic discontinued)	–	218.6
Reported revenue prior year (continuing and discontinued)	1,921.3	3,017.4
Rebase for foreign exchange movements ¹	7.0	1.9
Rebase for fuel price movements ²	235.1	(306.4)
Contribution from discontinued/disposals ³	(507.4)	(766.6)
Rebase for leap year	–	4.1
Rebased comparative revenue	1,656.0	1,950.4
Reported revenue (continuing and discontinued)	2,531.2	1,921.3
Less: Contribution from ERO discontinued operations (note 24)	(245.8)	(507.4)
Less: Contributions from acquisitions ⁴	(8.3)	(17.9)
Organic revenue	2,277.1	1,396.0
Organic revenue growth	37.5%	-28.4%

1 Impact from foreign exchange is calculated based on the prior year revenue translated at the current year exchange rates.

2 Impact from fuel price fluctuations is calculated based on the prior year revenue recognised at the current year fuel prices.

3 Included within the rebase for disposals and discontinued operations is \$nil relating to closures of FBOs (2020: \$9.7 million).

4 Contributions from acquisitions relate to \$4.2 million from the STT acquisition on 9 September 2021 and \$4.1 million from VVJC acquisition on 30 November 2021. See note 23 for further information.



Notes to the Consolidated Financial Statements continued

28. Alternative Performance Measures continued

Underlying operating profit and margin

Underlying operating profit and margin are measures which seek to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. As such, they exclude the impact of exceptional and other items. We focus on the trends in underlying operating profit and margins.

A reconciliation from operating profit, the most directly comparable IFRS measure, to the underlying operating profit and margin is set out below.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total ¹ \$m	2020 Continuing ¹ \$m	2020 Discontinued \$m
Operating profit (restated ¹)	313.0	286.9	26.1	144.1	95.3	48.8
Add: Exceptional and other items						
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3	72.0	72.0	–	73.7	73.7	–
Amounts related to previously disposed businesses	2.3	2.3	–	5.9	5.9	–
Restructuring costs	(0.1)	0.1	(0.2)	8.6	8.6	–
Exceptional and other items	74.2	74.4	(0.2)	88.2	88.2	–
Underlying operating profit (restated ¹)	387.2	361.3	25.9	232.3	183.5	48.8
Underlying operating margin (restated ¹)	15.3%	15.8%	10.5%	12.1%	13.0%	9.6%
IFRS 16 impact on operating profit						
Operating profit (restated ¹)	313.0	286.9	26.1	144.1	95.3	48.8
Impact of IFRS 16	(54.1)	(48.4)	(5.7)	(54.6)	(42.3)	(12.3)
Operating profit pre IFRS 16 (restated ¹)	258.9	238.5	20.4	89.5	53.0	36.5
Operating profit pre IFRS 16 margin (restated ¹)	10.2%	10.4%	8.3%	4.7%	3.7%	7.2%
IFRS 16 impact on underlying operating profit						
Underlying operating profit	387.2	361.3	25.9	232.3	183.5	48.8
Impact of IFRS 16	(54.2)	(48.5)	(5.7)	(52.3)	(40.0)	(12.3)
Underlying operating profit pre IFRS 16 (restated ¹)	333.0	312.8	20.2	180.0	143.5	36.5
Underlying operating profit pre IFRS 16 margin (restated ¹)	13.2%	13.7%	8.2%	9.4%	10.1%	7.2%

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

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28. Alternative Performance Measures continued**EBITDA and Underlying EBITDA**

In addition to measuring the financial performance of the Group and lines of business based on underlying operating profit, we also measure performance based on EBITDA and underlying EBITDA. EBITDA is defined as the Group profit or loss before depreciation, amortisation, net finance expense and taxation. Underlying EBITDA is defined as EBITDA before exceptional and other items. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies.

We consider EBITDA and underlying EBITDA to be useful measures of our operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation. EBITDA and underlying EBITDA are not direct measures of our liquidity, which is shown by our cash flow statement, and need to be considered in the context of our financial commitments.

A reconciliation from Group profit to EBITDA and underlying EBITDA, is set out below.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total ¹ \$m	2020 Continuing ¹ \$m	2020 Discontinued \$m
Profit/(loss) for the year (restated ¹)	23.9	42.6	(18.7)	(16.4)	(25.9)	9.5
Add: Finance costs	167.0	165.0	2.0	129.6	125.6	4.0
Less: Investment income	(36.9)	(36.9)	–	(2.2)	(2.2)	–
Add: Tax charge/(credit) (restated ¹)	26.2	18.8	7.4	(10.0)	(7.6)	(2.4)
Add: Depreciation and amortisation (restated ¹)	231.2	231.2	–	231.7	231.7	–
Add: Other impairment losses	22.5	22.5	–	4.6	4.6	–
Add: ERO impairment and other charges	–	–	–	41.7	–	41.7
Add: Transaction costs	76.0	76.0	–	5.4	2.8	2.6
Less: Gain on remeasurement of investment in associates and joint ventures	(1.1)	(1.1)	–	–	–	–
Less: Gain on other disposals	–	–	–	(2.0)	(2.0)	–
Add: Loss on disposal of ERO	35.4	–	35.4	–	–	–
Less: Gain on disposal of Ontic	–	–	–	(6.6)	–	(6.6)
EBITDA	544.2	518.1	26.1	375.8	327.0	48.8
Restructuring costs	(0.1)	0.1	(0.2)	8.6	8.6	–
Other exceptional items	2.3	2.3	–	5.9	5.9	–
Underlying EBITDA	546.4	520.5	25.9	390.3	341.5	48.8

The following tables summarise the impact of adopting IFRS 16 on the Group's profit for the year, EBITDA and underlying EBITDA.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total ¹ \$m	2020 Continuing ¹ \$m	2020 Discontinued \$m
IFRS 16 impact on profit/(loss) for the year						
Profit/(loss) for the year (restated ¹)	23.9	42.6	(18.7)	(16.4)	(25.9)	9.5
Impact of IFRS 16	(6.2)	19.2	(25.4)	37.9	23.9	14.0
Profit/(loss) for the year pre IFRS 16	17.7	61.8	(44.1)	21.5	(2.0)	23.5
IFRS 16 impact on EBITDA						
EBITDA (restated ¹)	544.2	518.1	26.1	375.8	327.0	48.8
Impact of IFRS 16	(137.4)	(131.6)	(5.8)	(137.8)	(125.5)	(12.3)
EBITDA pre IFRS 16	406.8	386.5	20.3	238.0	201.5	36.5
IFRS 16 impact on underlying EBITDA						
Underlying EBITDA (restated ¹)	546.4	520.5	25.9	390.3	341.5	48.8
Impact of IFRS 16	(137.5)	(131.8)	(5.7)	(135.5)	(123.2)	(12.3)
Underlying EBITDA pre IFRS 16	408.9	388.7	20.2	254.8	218.3	36.5

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SeaS arrangements note on page 22 for details.



Notes to the Consolidated Financial Statements continued

28. Alternative Performance Measures continued

Net Revenue

Net Revenue is a measure which seeks to reflect the volume and direct margin performance of the Group that will contribute to long-term sustainable profitable growth. As such, net revenue is calculated as reported revenue less direct material costs. Gross profit is calculated as net revenue less direct labour costs, direct overhead costs and other costs of sale.

A reconciliation from Revenue and Gross Profit, the most directly comparable IFRS measures, to Net Revenue is set out below.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m
Reported revenue	2,531.2	2,265.4	245.8	1,921.3	1,413.9	507.4
Direct material costs	(1,319.1)	(1,173.8)	(145.3)	(945.4)	(634.2)	(311.2)
Net revenue	1,212.1	1,111.6	100.5	975.9	779.7	196.2
Direct labour costs	(229.8)	(210.2)	(19.6)	(174.5)	(133.8)	(40.7)
Direct overhead costs and other costs of sale	(427.4)	(392.0)	(35.4)	(409.1)	(335.2)	(73.9)
Gross profit	554.9	509.4	45.5	392.3	310.7	81.6

IFRS 16 impact on Net Revenue

Net revenue post IFRS 16	1,212.1	1,111.6	100.5	975.9	779.7	196.2
IFRS 16 revenue	4.4	4.4	–	4.4	4.4	–
Net revenue pre IFRS 16	1,216.5	1,116.0	100.5	980.3	784.1	196.2

Underlying EBITDA margin

Underlying EBITDA margin is a measure which seeks to reflect the profitability of the Group's underlying trading that will contribute to long-term sustainable profitable growth. The margin is calculated as Underlying EBITDA over Net Revenue on a pre IFRS 16 basis.

A reconciliation from Revenue and Gross Profit, the most directly comparable IFRS measures, to Net Revenue is provided earlier in this note, as is a reconciliation of Underlying EBITDA to Statutory EBITDA. The calculation of Underlying EBITDA Margin as a function of these two metrics is outlined below.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m
Underlying EBITDA pre IFRS 16	408.9	388.7	20.2	254.8	218.3	36.5
Net revenue pre IFRS 16	1,216.5	1,115.9	100.5	980.3	784.1	196.2
Underlying EBITDA margin pre IFRS 16	33.6%	34.8%	20.1%	26.0%	27.8%	18.6%

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28. Alternative Performance Measures continued**Operating cash flow**

Operating cash flow is one of the Group's Key Performance Indicators by which our financial performance is measured. Operating cash flow is defined as the aggregate of cash generated by operations, purchase of property, plant and equipment, purchase of intangible assets less intangible licences not accounted for under IFRS 3, and proceeds from disposal of property, plant and equipment.

Operating cash flow is primarily an overall operational performance measure. However, we also believe it is an important indicator of our liquidity.

Operating cash flow reflects the cash we generate from operations after net capital expenditure which is a significant ongoing cash outflow associated with investing in our infrastructure. In addition, operating cash flow excludes cash flows that are determined at a corporate level independently of ongoing trading operations such as dividends, share buy-backs, acquisitions and disposals, financing costs, tax payments, dividends from associates and the repayment and raising of debt. Operating cash flow is not a measure of the funds that are available for distribution to shareholders.

A reconciliation from Group net cash flow from operating activities, the most directly comparable IFRS measure, to adjusted operating cash flow, is set out below.

	2021 Total \$m	2020 Total ¹ \$m
Net cash flow from operating activities (note 21) (restated ¹)	331.4	296.2
Less reported purchase of property, plant and equipment (note 21)	(82.6)	(70.0)
Less reported purchase of intangible assets (note 21) (restated ¹)	(6.9)	(4.2)
Add income tax paid	22.9	74.8
Add transaction costs (acquisition by Bidco)	58.1	–
Add reported proceeds from disposal of property, plant and equipment (note 21)	1.2	0.3
Operating cash flow	324.1	297.1
Impact on net cash flow from operating activities pre IFRS 16		
Net cash flow from operating activities (restated ¹)	331.4	296.2
IFRS 16 impact	(162.7)	(131.4)
Net cash flow from operating activities pre IFRS 16	168.7	164.8
Impact on operating cash flow pre IFRS 16		
Operating cash flow	324.1	297.1
IFRS 16 impact	(162.7)	(131.4)
Operating cash flow pre IFRS 16	161.4	165.7

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.



Notes to the Consolidated Financial Statements *continued*

28. Alternative Performance Measures *continued*

Cash conversion

Cash conversion is a key part of the Group strategy for disciplined capital management with absolute cash generation and strong cash conversion. Cash conversion is defined as operating cash flow as a percentage of continuing and discontinued operating profit. Operating cash flow has been reconciled above to the most directly comparable IFRS measure, being cash generated from operations.

	2021 Total %	2020 Total ¹ %
Cash conversion (restated ¹)	104%	206%
Cash conversion (pre IFRS 16) (restated ¹)	62%	185%

¹ The 2020 comparative has been restated, refer to Change in accounting policy - SaaS arrangements note on page 22 for details.

Free cash flow

Free cash flow represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base. Free cash flow is set out in note 21 to the Consolidated Financial Statements and reconciled to net cash inflow from operating activities, the most directly comparable IFRS measure.

Net debt

Net debt consists of borrowings (both current and non-current), less cash and cash equivalents and the fair value adjustment on the US senior notes.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an Alternative Performance Measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of borrowings (current and non-current), and cash and cash equivalents. A reconciliation from these to net debt is given below, followed by a reconciliation to the net debt for covenant purposes. The net debt for covenant purposes for the prior year has been adjusted to be consistent with the current year calculation.

	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m
Reported borrowings (note 14)	1,469.3	1,469.3	–	1,208.1	1,208.1	–
Amortisation costs (note 14)	38.8	38.8	–	20.3	20.3	–
Fair value adjustment on US senior notes	–	–	–	(59.5)	(59.5)	–
Total principal of borrowings	1,508.1	1,508.1	–	1,168.9	1,168.9	–
Reported cash and cash equivalents (note 11)	(266.7)	(266.7)	–	(171.1)	(168.0)	(3.1)
Total net principal of borrowings	1,241.4	1,241.4	–	997.8	1,000.9	(3.1)
Amortisation costs	(38.8)	(38.8)	–	(20.3)	(20.3)	–
Net debt on a cash flow basis, excluding lease liabilities	1,202.6	1,202.6	–	977.5	980.6	(3.1)
Lease liabilities	1,240.8	1,240.8	–	1,206.0	1,143.8	62.2
Adjusted net debt on a cash flow basis ¹	2,443.4	2,443.4	–	2,183.5	2,124.4	59.1
Total net principal of borrowings	1,241.4	1,241.4	–	997.8	1,000.9	(3.1)
Adjust for finance leases ¹	0.5	0.5	–	1.9	1.9	–
Adjust for unsecured debt	(0.3)	(0.3)	–	(0.3)	(0.3)	–
Net debt for covenant purpose	1,241.6	1,241.6	–	999.4	1,002.5	(3.1)

¹ Lease liabilities are included in the Group's adjusted net debt on a cash flow basis, but other than original IAS 17 finance leases, are excluded in the covenant net debt calculations.

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Company Balance Sheet

	Notes	2021 £m	2020 £m
Non-current assets			
Intangible fixed assets (restated ¹)	2	–	–
Tangible assets	2	–	0.2
Right of use assets	2	0.1	1.8
Fixed asset investments	3	3,570.9	3,592.8
Deferred tax asset	10	21.8	12.0
		3,592.8	3,606.8
Current assets			
Derivative financial instruments	4	0.3	0.5
Other debtors	5	2,153.8	2,074.9
Corporation tax receivable		3.8	4.0
Cash at bank and in hand	7	129.7	86.1
		2,287.6	2,165.5
Current liabilities			
Creditors: amounts falling due within one year			
Lease liabilities	8	(0.1)	(0.5)
Derivative financial instruments	4	(1.8)	(3.2)
Other payables	6	(2,167.5)	(2,028.1)
		(2,169.4)	(2,031.8)
Net current assets		118.2	133.7
Total assets less current liabilities		3,711.0	3,740.5
Creditors: amounts falling due after more than one year			
Borrowings	7	(0.2)	1.0
Lease liabilities	8	(3.4)	(3.7)
Retirement benefit obligations	13	(29.8)	(24.2)
Provisions	9	(0.6)	(0.7)
		(34.0)	(27.6)
Total net assets		3,677.0	3,712.9
Capital and reserves			
Called up share capital	11	312.3	312.4
Share premium account	11	978.7	978.7
Other reserves	11	185.0	203.5
Profit and loss account (restated ¹)	11	2,201.0	2,218.3
Equity shareholders' funds		3,677.0	3,712.9

1 The 2020 comparative has been restated, refer to note 2 for details.

The financial statements of Signature Aviation Limited (registered number 00053688) were approved by the Board of Directors on 18 March 2022 and signed on its behalf by:

Tony Lefebvre

Chief Executive Officer

Shawn Fallon

Chief Financial Officer

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company has not been presented. The result for the financial year in the accounts of the Company amounted to £27.8 million loss (2020: £50.6 million profit).

The auditor's remuneration for audit and other services is disclosed in note 2 to the Consolidated Financial Statements.

The accompanying notes are an integral part of this balance sheet.



Company Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Profit and loss account ¹ £m	Other reserves £m	Total equity £m
Balance at 1 January 2020 (as previously reported)		311.9	978.7	2,205.8	205.8	3,702.2
Prior period restatement		-	-	(0.3)	-	(0.3)
Balance at 1 January 2020 (restated¹)		311.9	978.7	2,205.5	205.8	3,701.9
Profit for the year		-	-	50.6	-	50.6
Other comprehensive loss for the year		-	-	(43.1)	-	(43.1)
Total comprehensive income for the year		-	-	7.5	-	7.5
Issue of share capital		0.5	-	-	-	0.5
Movement on treasury reserve	11	-	-	-	(2.0)	(2.0)
Credit to equity for equity-settled share-based payments	11	-	-	-	4.7	4.7
Tax on share-based payment transactions	11	-	-	0.3	-	0.3
Transfer to/(from) profit and loss account		-	-	5.0	(5.0)	-
Balance at 31 December 2020 (restated¹)		312.4	978.7	2,218.3	203.5	3,712.9
Loss for the year		-	-	(27.8)	-	(27.8)
Other comprehensive loss for the year		-	-	(18.1)	-	(18.1)
Total comprehensive income for the year		-	-	(45.9)	-	(45.9)
Capital contribution		-	-	-	1.0	1.0
Issue of share capital		3.9	-	-	-	3.9
Cancellation of treasury shares		(4.0)	-	4.0	-	-
Movement on treasury reserve	11	-	-	-	(7.8)	(7.8)
Credit to equity for equity-settled share-based payments	11	-	-	-	13.4	13.4
Tax on share-based payment transactions	11	-	-	(0.5)	-	(0.5)
Transfer to/(from) profit and loss account		-	-	25.1	(25.1)	-
Balance at 31 December 2021		312.3	978.7	2,201.0	185.0	3,677.0

¹ The 2020 comparative has been restated, refer to note 2 for details. The impact of the restatement is a further loss for the year ended 31 December 2019 of £0.3 million with no impact to the profit for the year ended 31 December 2020.

Accounting Policies of the Company

Basis of accounting

Signature Aviation Limited is a private company and registered in England and Wales.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared using the historical cost convention adjusted for the revaluation of certain financial instruments and in accordance with applicable UK accounting standards and law. The Company reports under Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared on the going concern basis in accordance with the rationale set out in the Going Concern section on page 24.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Presentation of comparative information in respect of certain items.

As the Consolidated Financial Statements of Signature Aviation Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share-Based Payments in respect of Group-settled share-based payments;
- Certain disclosures required by IAS 36: Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3: Business Combinations, in respect of business combinations undertaken by the Company;
- Certain disclosures required by IFRS 13: Fair Value Measurement and the disclosures required by IFRS 7: Financial Instrument Disclosures; and
- Certain disclosures required by IFRS 16: Leases provided that the disclosure of indebtedness is presented separately for lease liabilities and other liabilities.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. There was change in accounting policy related to the capitalisation of certain software costs. Refer to the Group Change in accounting policy - SaaS arrangements note on page 22 for details.

New financial reporting requirements

A number of EU-endorsed amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have been applied in preparing the Financial Statements of the Company. There is no impact on the Financial Statements of the Company from applying these standards.

Investments

In the Company's Financial Statements, investments in subsidiary and associated undertakings are stated at cost less provision for impairment.



Accounting Policies of the Company continued

Treasury

Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is recognised in the profit and loss account.

Derivative financial instruments utilised by the Company comprise interest rate swaps and foreign exchange contracts. All such instruments are used for hedging purposes to manage the risk profile of an underlying exposure of the Company in line with the Company's risk management policies. All derivative instruments are recorded on the balance sheet at fair value. Recognition of gains or losses on derivative instruments depends on whether the instrument is designated as a hedge and the type of exposure it is designed to hedge.

The effective portion of gains or losses on cash flow hedges are deferred in equity until the impact from the hedged item is recognised in the profit and loss account. The ineffective portion of such gains and losses is recognised in the profit and loss account immediately.

Gains or losses on the qualifying part of net investment hedges are recognised in equity together with the gains and losses on the underlying net investment. The ineffective portion of such gains and losses is recognised in the profit and loss account.

Changes in the fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

Post-retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement benefit schemes, the cost is determined using the projected unit credit method, with valuations under FRS 101 being carried out annually as at 31 December. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of profit or loss and presented in the Statement of Comprehensive Income.

The service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.

Defined benefit scheme contributions are determined by valuations undertaken by independent qualified actuaries.

Share-based payments

The Company operates a number of cash and equity-settled share-based compensation plans. The fair value of the compensation is recognised in the profit and loss account as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black-Scholes calculations and Monte Carlo simulations. For cash-settled options, the fair value of the option is revisited at each balance sheet date. For both cash and equity-settled options, the Company revises its estimates of the number of options that are expected to become exercisable at each balance sheet date.

Tangible fixed assets

Plant and machinery and land and buildings are stated in the Balance Sheet at cost or valuation. Depreciation is provided on the cost of tangible fixed assets less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Buildings	40 years maximum
Plant and machinery (including essential commissioning costs)	3–5 years

Computer and office equipment are categorised within plant and machinery in note 3 to these accounts.

Right of use assets

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

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognised and measured under IAS 37 and included in the related right of use asset.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group does not have any leases that include purchase or transfer options of the underlying asset.

Lease liabilities

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

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

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has concluded that for 2021 there are no critical accounting judgements or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



Notes to the Company Financial Statements

1. Employees

	2021	2020
Average monthly number	20	27

	2021 £m	2020 £m
Salaries	3.5	2.7
Social security	0.6	0.4
Contributions to defined contribution plans	0.1	0.1
Expenses related to defined benefit plan	1.8	1.7
Expenses related to defined benefit plan – GMP equalisation (note 13)	–	0.7
	6.0	5.6

2. Tangible and intangible fixed assets

	Leasehold improvements 2021 £m	Intangible assets 2021 £m	Plant and machinery 2021 £m	Right of use assets Land and buildings 2021 £m	Total 2021 £m	Leasehold improvements 2020 £m	Intangible assets ¹ 2020 £m	Plant and machinery 2020 £m	Right of use assets Land and buildings 2020 £m	Total 2020 £m
Cost or valuation										
Beginning of year	0.8	–	1.2	3.0	5.0	0.8	–	1.2	3.0	5.0
Asset write downs	–	–	–	(1.4)	(1.4)	–	–	–	–	–
Additions (restated ¹)	–	–	–	–	–	–	–	–	–	–
End of year	0.8	–	1.2	1.6	3.6	0.8	–	1.2	3.0	5.0
Accumulated depreciation/ amortisation										
Beginning of year	(0.8)	–	(1.0)	(1.2)	(3.0)	(0.8)	–	(0.9)	(0.6)	(2.3)
Depreciation/amortisation charge for the year (restated ¹)	–	–	(0.2)	(0.3)	(0.5)	–	–	(0.1)	(0.6)	(0.7)
End of year	(0.8)	–	(1.2)	(1.5)	(3.5)	(0.8)	–	(1.0)	(1.2)	(3.0)
Net book value end of year										
Owned assets	–	–	–	0.1	0.1	–	–	0.2	–	0.2
Leased assets	–	–	–	–	–	–	–	–	1.8	1.8
End of year	–	–	–	0.1	0.1	–	–	0.2	1.8	2.0

¹ There was a change in accounting policy relating to the capitalisation of cloud computing software implementation costs that had incurred under SaaS agreements which has led to a prior year restatement (see below for details).

The change in accounting policy relating to the capitalisation of cloud computing software implementation costs that had incurred under SaaS agreements has led to adjustments amounting to a £0.3 million net reduction in the intangible assets as at 31 December 2020. There was no impact to the opening position as at 1 January 2020.

For more background, refer to Group Change in accounting policy - SaaS arrangements note on page 22 for details.

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3. Fixed asset investments

	2021 £m	2020 £m
Subsidiary undertakings		
Cost of shares		
Beginning of year	3,733.2	3,733.2
Disposals	(21.9)	–
End of year	3,711.3	3,733.2
Provisions for impairments		
At beginning of year	(140.4)	(140.4)
End of year	(140.4)	(140.4)
Net book value end of year	3,570.9	3,592.8

The subsidiaries and related undertakings of Signature Aviation Limited are listed on pages 99 to 103.

The Company reviewed the carrying value of its investment in subsidiary undertakings to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the investments is determined from value-in-use calculations (see note 6 of the Consolidated Financial Statements).

On 1 July 2021, the Company disposed of its investment in H+S Aviation Limited as part of the sale of the ERO business (see note 24 of the Consolidated Financial Statements).

4. Derivative financial instruments

	2021 Current £m	2021 Non-current £m	2021 Total £m	2020 Current £m	2020 Non-current £m	2020 Total £m
Derivative financial assets						
Foreign exchange forward contracts	0.3	–	0.3	0.5	–	0.5
	0.3	–	0.3	0.5	–	0.5
Derivative financial liabilities						
Foreign exchange forward contracts	(1.8)	–	(1.8)	(3.2)	–	(3.2)
	(1.8)	–	(1.8)	(3.2)	–	(3.2)

Details of the foreign exchange forward contracts and interest rate swaps are provided in note 15 to the Consolidated Financial Statements.



Notes to the Company Financial Statements continued

5. Debtors

	2021 £m	2020 £m
Amounts owed by subsidiary undertakings	2,152.7	2,073.1
Other debtors, prepayments and accrued income	1.1	1.8
Debtors due within one year	2,153.8	2,074.9

6. Creditors: amounts falling due within one year

	2021 £m	2020 £m
Other		
Amounts owed to subsidiary undertakings	2,160.9	2,019.3
Other taxation and social security	–	0.2
Other creditors	0.4	2.3
Accruals and deferred income	6.2	6.3
	2,167.5	2,028.1

7. Cash and borrowings

	2021 £m	2020 £m
Borrowings summary		
Medium-term loans		
Repayable between one and two years	–	–
Repayable between two and five years ¹	–	(1.2)
Repayable in more than five years	0.2	0.2
Borrowings: due after more than one year	0.2	(1.0)
Short-term		
Overdrafts and borrowings repayable within one year	–	–
Total borrowings	0.2	(1.0)
Cash at bank and in hand	(129.7)	(86.1)
Net (cash)/borrowings	(129.5)	(87.1)

	2021 £m	2020 £m
Borrowings analysis		
Unsecured		
Bank loans and overdrafts		
Sterling	0.2	0.2
US dollar ¹	–	(1.2)
Other currencies	–	–
Total borrowings	0.2	(1.0)
Cash at bank and in hand	(129.7)	(86.1)
Net (cash)/borrowings	(129.5)	(87.1)

1 In the prior year, £1.2 million issue costs were capitalised and were amortised over the life of this facility.

The unsecured loans relate to the 5% cumulative preference shares.

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8. Lease liabilities

At the balance sheet date, the maturity analysis of lease liabilities for the Company is set out below:

	Minimum lease payments	
	2021 £m	2020 £m
Amounts payable under lease liabilities		
Within one year	0.4	0.8
In the second to fifth years inclusive	0.9	0.7
More than five years	9.9	10.2
	11.2	11.7
Less: Future finance charges	(7.7)	(7.5)
Present value of lease obligations	3.5	4.2
Less: Amount due for settlement within 12 months (shown under current liabilities)	(0.1)	(0.5)
Amount due for settlement after 12 months	3.4	3.7

In 2021 the average effective borrowing rate for the Company was 5.9% (2020: 5.9%). Interest rates were fixed at the contract date or varied based on prevailing interest rates. Expenses relating to variable lease payments that are not included in the measurement of lease liabilities were £nil (2020: £nil).

The interest expense relating to lease liabilities during the year was £0.2 million (2020: £0.3 million).

9. Provisions

	Beginning of year £m	Charged in year £m	Utilised in year £m	Released in year £m	End of year £m
31 December 2021					
Discontinued operations	0.7	–	(0.1)	–	0.6
31 December 2020					
Discontinued operations	0.6	0.1	–	–	0.7

	2021 £m	2020 £m
Analysed as:		
Current liabilities	–	–
Non-current liabilities	0.6	0.7
	0.6	0.7

Provisions in respect of discontinued operations relate to costs associated with businesses that have been disposed of by the Company in prior years.



Notes to the Company Financial Statements continued

10. Deferred tax

The following is the deferred tax asset recognised by the Company and movements thereon during the current and prior reporting period.

	Property, plant and equipment £m	Other assets £m	Tax credits/ (losses) £m	Retirement benefits £m	Share-based payments £m	Total £m
At 1 January 2020	0.1	0.6	0.7	0.1	0.9	2.4
Prior year adjustment	–	3.5	(0.7)	–	–	2.8
Credit/(charge) to profit and loss account	–	1.9	–	(0.3)	–	1.6
Credit to equity	–	–	–	4.8	0.2	5.0
Effect of change in tax rate						
– profit and loss account	–	0.1	–	–	–	0.1
– equity	–	–	–	–	0.1	0.1
As at 31 December 2020	0.1	6.1	–	4.6	1.2	12.0
At 1 January 2021	0.1	6.1	–	4.6	1.2	12.0
Prior year adjustment	–	(0.6)	–	–	–	(0.6)
Credit/(charge) to profit and loss account	–	0.3	4.6	(1.2)	(0.7)	3.0
Credit/(charge) to equity	–	–	–	4.1	(0.5)	3.6
Effect of change in tax rate						
– profit and loss account	–	1.2	1.0	1.6	–	3.8
– equity	–	–	–	–	–	–
As at 31 December 2021	0.1	7.0	5.6	9.1	–	21.8

No deferred tax assets have been offset against deferred tax liabilities.

As at 31 December 2021, the Company had unused tax losses of £24.5 million (2020: £nil) available for offset against future profits.

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11. Capital and reserves

Details of Company share capital, including the issuance of new shares in the year, are provided within note 19 to the Consolidated Financial Statements.

	2021 £m	2020 £m
Reserves attributable to equity interests		
Share premium account		
Beginning and end of year	978.7	978.7
Merger reserve		
Beginning and end of year	99.3	99.3
Capital reserve		
Beginning of year	166.7	168.1
Credit to equity for equity-settled share-based payments	13.4	4.7
Transfer to retained earnings on exercise of equity-settled share-based payments	(30.1)	(6.1)
Capital contribution	1.0	–
End of year	151.0	166.7
Treasury reserve		
Beginning of year	(62.5)	(61.6)
Net purchase of own shares	(7.8)	(2.0)
Transfer to profit and loss account	5.0	1.1
End of year	(65.3)	(62.5)
Profit and loss account		
Beginning of year (restated ¹)	2,218.3	2,205.5
Transfer from capital reserve on exercise of equity-settled share-based payments	30.1	6.1
Transferred from treasury reserve	(5.0)	(1.1)
Tax on items taken directly from reserves	3.6	5.9
Actuarial losses	(22.2)	(48.7)
Cancellation of treasury shares	4.0	–
(Loss)/profit for the year (restated ¹)	(27.8)	50.6
End of year	2,201.0	2,218.3

¹ The 2020 comparative has been restated, refer to Group Change in accounting policy - SaaS arrangements note on page 22 for details.

At 31 December 2021, nil ordinary 37¹⁷/₆₄p shares (2020: 1,242,249 ordinary 37¹⁷/₆₄p) with a nominal value of £nil (2020: £0.5 million) and a market value of £nil million (2020: £4.8 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances.

The profit and loss account is fully distributable.



Notes to the Company Financial Statements continued

12. Share-based payments

Details of share-based payments are provided within note 20 to the Consolidated Financial Statements.

13. Pension and other post-retirement benefits

The Company operates a defined benefit pension scheme in the United Kingdom. Assets are held in a separate trustee-administered fund. Contributions to the scheme are made and pension cost is assessed using the projected unit method.

As part of the acquisition of the Group occurring during the year, the Group and the Trustee agreed a revised schedule of additional contributions dated 29 June 2021. The Group has committed to pay £4.0 million p.a. from Quarter 4 of 2021 until 2030, or by when the IPP is fully insured if earlier, in addition to paying £12.0 million by 31 May 2022 (this was paid on 31 December 2021).

The actuarial valuation of the UK IPP as at 31 March 2021, finalised on 20 December 2021, indicated a funding surplus of £0.9 million. The agreed schedule of contribution (noted above), was not revised as part of this valuation. The next actuarial valuation is due as at 31 March 2024.

Further details of the UK scheme are provided within note 17 to the Consolidated Financial Statements.

The High Court ruled on 26 October 2018 in the landmark Lloyds Banking Group case on Guaranteed Minimum Pensions (GMPs). The judgment requires equalisation between men and women for the effect of unequal GMPs accrued between 1990 and 1997 (i.e. for defined benefit pension schemes that were 'contracted out' between May 1990 and April 1997) and describes the applicable ways in which the benefit entitlements should be equalised. The ruling meant the IPP recognised a £8.4 million increase to the defined benefit obligation through the profit and loss account in 2018.

On 20 November 2020 the UK High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case in respect to members who have transferred out of a scheme prior to the ruling. This has meant that the Trustee of the IPP is obligated to make transfer payments that reflect equalised benefits and is required to top up payment where this was not the case in the past. The additional cost of the impact of this ruling is recognised as an exceptional past service cost of £0.7 million in the Income Statement.

14. Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

	2021 £m	2020 £m
Contingent liabilities:		
Guarantees of subsidiary undertakings, overdrafts or loans and other guarantees	–	1.0

15. Controlling party

The Company's ultimate parent company is Signature Aviation US Topco LLC, which was incorporated in December 2021. Within the meaning of the Companies Act 2006, Signature Aviation US Topco LLC (a newly incorporated company directly owned by (i) Blackstone Funds, (ii) Global Infrastructure Partners and (iii) Cascade) is regarded by the Directors of the Company as being the Company's ultimate parent company and controlling party. Signature Aviation US Topco LLC is incorporated in the United States of America and its registered address is 200 Bellevue Parkway, Suite 210, Wilmington, New Castle County, Delaware 19809.

Brown Topco Limited is an indirect parent company and is the largest group to consolidate the financial statements of the Company. Brown Topco Limited is incorporated in the United Kingdom and its registered address is 3rd Floor, 105 Wigmore Street, London, W1U 1QY.

Subsidiaries and Related Undertakings

The following is a list of the Group's subsidiary and associated undertakings as at 31 December 2021.

Subsidiaries	Principal activity	% Holding
Antigua		
Roberts & Co Law, 60 Nevis Street, St. Johns, Antigua		
SFS Operations Antigua Ltd	Aviation	100%
Barbados		
The Phoenix Centre, George Street, Belleville, St. Michael, Barbados		
BBA Aviation (Barbados) Limited	Holding	100%
Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, St Michael, Barbados		
IAM Caribbean Inc.	Aviation	100%
International Aircraft Management, Inc.	Aviation	100%
Brazil		
Av. Jamaris, 100, 12º andar, conj. 1202, Indianópolis, CEP 04078-000, São Paulo		
BBA South América Ltda.	Holding	100%
British Virgin Islands		
30 de Castro Street, Wickhams Cay 1, P.O. Box 4519 Road Town, Tortola, British Virgin Islands		
IAM Jet Centre Tortola Ltd	Aviation	100%
Canada		
181 Bay Street, Suite 1800, Toronto, Ontario, Canada M5J 2T9		
Landmark Aviation FBO Canada Inc.	Aviation	100%
SFS Operations Canada Ltd	Aviation	100%
Signature Flight Support Canada Ltd.	Aviation	100%
Signature Select Operations Canada Ltd.	Aviation	100%
2700-700 West Georgia Street, Vancouver, BC V7Y 1B8		
EPIC Aviation Canada Inc.	Aviation	100%
Cayman Islands		
Maples & Calder, PO Box 309, Ugland House, Georgetown, Grand Cayman, Cayman Islands, British West Indies		
BBA Financial Services (Cayman Island) Ltd	Holding	100%
England		
3rd Floor, 105 Wigmore Street, London, W1U 1QY		
Balderton Aviation Holdings Limited	Holding	100%
BBA Aviation Business Support Centre – EMEA Limited	Support Services	100%
BBA Aviation Finance	Holding	100%
BBA Aviation Life Benefits Trustee Limited	Dormant	100%
BBA Aviation Limited	Dormant	100%
BBA China Holdings No 1 Limited	Dormant	100%
BBA Finance	Finance	100%
BBA Finance No 1	Holding	100%
BBA Finance No 3	Dormant	100%
BBA Finance No 4 Limited	Holding	100%
BBA Finance No 5	Finance	100%
BBA Financial Services	Dormant	100%
BBA Financial Services (UK) Limited	Holding	100%
BBA Five Limited	Dormant	100%
BBA Four Limited	Dormant	100%
BBA Group Leasing Limited	Dormant	100%
BBA Holdings Limited	Holding	100%
BBA Hydraulic Brake Company Limited	Dormant	100%
BBA Nominees Limited	Dormant	100%
BBA One Limited	Dormant	100%
BBA Overseas Holdings Limited	Holding	100%
BBA Properties Limited	Holding	100%
BBA Six Limited	Dormant	100%
BBA Three Limited	Dormant	100%
BBA Two Limited	Dormant	100%



Subsidiaries and Related Undertakings continued

Subsidiaries	Principal activity	% Holding
Bonetights Limited	Dormant	100%
British Belting & Asbestos Limited	Dormant	100%
CBS (Automotive & Industrial) Limited	Dormant	100%
Cresswells Asbestos Company Limited	Dormant	100%
CSE Aviation Limited	Dormant	100%
Dallas Airmotive (UK) Limited	Dormant	100%
Falcon Aviation Training (UK) Limited	Dormant	100%
Falcon Aviation Training Limited	Dormant	100%
Frothgun (SA) Limited	Dormant	100%
Guthrie & Company (UK) Limited	Dormant	100%
Guthrie Overseas Holdings Limited	Dormant	100%
Guthrie Overseas Investments Limited	Holding	100%
Guthrie Trading (UK) Limited	Dormant	100%
Guthrie Trustees Limited	Dormant	100%
Guthrint Limited	Dormant	100%
Hamsigh Limited	Dormant	100%
Hants and Sussex Aviation Limited	Dormant	100%
Husbang Limited	Dormant	100%
Lintafoam (Manchester) Limited	Dormant	100%
Nonehay Limited	Dormant	100%
Notiontoken Limited	Dormant	100%
Oilark Limited	Dormant	100%
Okefab Limited	Dormant	100%
Oxford Aviation Holdings Limited	Dormant	100%
Oxford Aviation Properties Limited	Dormant	100%
PCCN 1997 Limited	Dormant	100%
Salprep Limited	Dormant	100%
Signature Aviation Pension Trustees Limited	Holding	100%
Synterials Limited	Dormant	100%
Texidwarf Limited	Dormant	100%
Texstar Limited	Dormant	100%
The Guthrie Corporation Limited	Holding	100%
Valcove Limited	Dormant	100%
Versil Limited	Dormant	100%
Hangar 100, Aviation Park West, Bournemouth Airport, Christchurch, Dorset, BH23 6NW		
CSE Bournemouth Limited	Aviation	100%
Voyager House, 142 Prospect Way, Luton, Bedfordshire, LU2 9QH		
Air Hanson Limited	Dormant	100%
Dollar Air Services Limited	Dormant	100%
European Helicopters Limited	Dormant	100%
Execair (East Midlands) Limited	Dormant	100%
Landmark Aviation (UK) Limited	Finance	100%
Lynton Aviation Aircraft Sales Limited	Dormant	100%
Lynton Aviation Limited	Liquidation	100%
Lynton Corporate Jet Limited	Liquidation	100%
RSS Jet Centre (Prestwick) Limited	Dormant	100%
RSS Jet Centre Limited	Aviation	100%
SFS (Gatwick) Limited	Dormant	100%
Signature Flight Support (Gatwick) Limited	Dormant	100%
Signature Flight Support Heathrow Limited	Dormant	100%
Signature Flight Support Limited	Finance	100%
Signature Flight Support London Luton Limited	Aviation	100%
Signature Flight Support Southampton Limited	Dormant	100%

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Subsidiaries	Principal activity	% Holding
France		
Lieudit Le Fond De Rosière, 95500 Bonneuil-en-France		
BBA Holdings France SAS	Holding	100%
Encore FBO SAS	Aviation	100%
Signature Flight Support Paris SAS	Aviation	100%
Germany		
Ostallee, GAT / Room 132, D-85356 Munich Airport		
BBA Holding Deutschland GmbH	Holding	100%
SFS Munich GmbH & Co KG	Aviation	95%
SFS Verwaltungs GmbH	Aviation	95%
Greece		
59 Attikis & Ydras Str., Koropi 19400		
Signature Flight Support Athens Aviation Services Single Member Societe Anonyme	Aviation	100%
Grenada		
Maurice Bishop International Airport, Point Salines, St. George, Grenada		
IAM Jet Centre Grenada Ltd.	Aviation	100%
Ireland		
57 Herbert Lane, Dublin 2, Ireland		
BBA Investment Aviation Limited	Holding	100%
BBA Luxembourg Finance No 2 Limited	Finance	100%
T1X, Terminal 1, Dublin Airport, Co. Dublin		
Signature Flight Support Ireland Ltd	Aviation	100%
Isle of Man		
Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man		
BBA Aviation Insurances Limited	Finance	100%
Italy		
Viale dell'Aviazione 65, 20138 Milano		
Signature Flight Support Italy Srl	Aviation	100%
Jamaica		
Sangster International Airport, Domestic Terminal, Montego Bay, St. James, Jamaica		
IAM Jet Centre Limited	Aviation	100%
Jersey		
47 Esplanade, St Helier, Jersey, JE1 0BD		
BBA Financial Services (Jersey) Limited	Dormant	100%
Guthrie Estates Holdings Limited	Dormant	100%
Luxembourg		
6, avenue Pasteur, L-2310 Luxembourg		
BBA Aviation Finance Luxembourg No.10 S.à r.l.	Finance	100%
BBA International Investments S.à r.l.	Holding	100%
BBA Luxembourg Finance S.à r.l.	Holding	100%
BBA Luxembourg Investments S.à r.l.	Holding	100%
BBA ROW Investments S.à r.l.	Holding	100%
BBA US Investments S.à r.l.	Holding	100%
Netherlands		
Naritaweg 165, 1043 BW Amsterdam, The Netherlands		
R.R. FBO Cooperatie U.A.	Holding	100%
Netherlands Antilles		
Schottegatweg Oost 44, P.O. Box 812, Willemstad, Curaçao		
Guthrie Investments NV	Dormant	100%
Panama		
PH ARIFA, 10th Floor, West Boulevard, Santa Maria Business District, PO BOX 0816-01098, Panama, Republic of Panama		
Signature Flight Support Panama S.A.	Aviation	100%



Subsidiaries and Related Undertakings continued

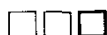
Subsidiaries	Principal activity	% Holding
Scotland		
c/o Dentons UKMEA LLP, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP		
BBA Aviation Pensions (GP) Limited	Finance	100%
4th Floor 115 George Street, Edinburgh, EH2 4JN		
Edinburgh Refuellers Ltd	Liquidation	100%
Guthrie Scottish Nominees (No 1) Ltd	Dormant	100%
Guthrie Scottish Nominees (No 3) Ltd	Dormant	100%
Signature Flight Support UK Regions Limited	Aviation	100%
Signature Refuelers Limited	Aviation	100%
Singapore		
1075 West Camp Road, Seletar Airport, Singapore 797800		
BBA Aviation Singapore Holdings Pte. Ltd.	Holding	100%
690 West Camp Road, #09-12 JTC Aviation Two, Singapore 797523		
Signature Flight Support Asia-Pacific Pte. Limited	Aviation	100%
South Africa		
Hangar 201, Lanseria International Airport, Johannesburg, Gauteng 1748, South Africa		
Beechcraft Road, General Aviation Area, Cape Town International Airport 7525		
Signature Flight Support Cape Town (Pty) Ltd	Aviation	100%
Signature Flight Support South Africa (Pty) Limited	Holding	100%
Spain		
C/O Hostals 16 Baja, Palma de Mallorca, 07-Mallorca		
Ocean Sky Jet Centre SLU	Liquidation	100%
St Kitts & Nevis		
Liburd & Dash, Foundation House, Government Road, Charlestown, St. Kitts and Nevis		
SFS Island Operations Ltd	Aviation	100%
St Lucia		
McNamara Corporate Services , Inc., 20 Micoud Street, Castries, St Lucia		
IAM Holdings Limited	Holding	100%
Cnr. Brazil & Mongiraud Streets, Castries, St Lucia		
IAM Jet Centre St. Lucia Limited	Aviation	100%
St Maarten		
Princess Juliana International Airport, Simpson Bay, St. Maarten		
Arrindell Aviation by Signature N.V.	Aviation	100%
Switzerland		
C/O Eversheds Sutherland AG, rue du Marché 20, 1204 Genève, Switzerland		
Signature Flight Support Switzerland SA	Aviation	100%
Trinidad and Tobago		
M. Hamel-Smith & Co, Eleven Albion, Cor Dere and Abion Sts, Port of Spain, Trinidad, Trinidad and Tobago		
Signature Trinidad Limited	Aviation	100%

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Subsidiaries	Principal activity	% Holding
United States		
13485 Veterans Way, Suite 600, Orlando, Florida, 32827		
BBA Diagnostics LLC	Dormant	90.6%
Bradley Pacific Aviation, LLC	Aviation	100%
Daedalus, LLC	Aviation	100%
Eagle Avionics, LLC	Aviation	100%
Endzone, Inc.	Dormant	100%
ESNY-SFSPN, LLC	Aviation	100%
Long Beach Fuel Consortium LLC	Aviation	100%
Page Avjet Corporation	Dormant	100%
Ross Chester County LLC	Aviation	100%
Signature 7156, LLC	Aviation	100%
Signature 8361, LLC	Aviation	100%
Signature 8390, LLC	Aviation	100%
Signature 8433, LLC	Aviation	100%
Signature Aviation US Holdings, Inc.	Holding	100%
Signature Aviation USA, LLC	Aviation	100%
Signature Flight Support LLC	Aviation	100%
Signature Select FBO LLC	Aviation	100%
Signature Select Guarantor LLC	Aviation	100%
Vail Valley Jet Center	Aviation	100%
400 Cornerstone Drive, Suite 240, Williston, Vermont, 05495		
BBA Aviation Insurances (Vermont), Inc.	Finance	100%
General Aviation Terminal, Washington Nat'l Airport, Washington, District of Columbia, 20001		
Signature Tradewinds - Washington National, L.C.	Aviation	80%
222 West Las Colinas Boulevard, Suite 1425N, Irving, Texas, 75039		
Downstream Aviation, LLC	Aviation	100%
EPIC Aviation, LLC	Aviation	100%
EPIC International, LLC	Aviation	100%
EPIC Card Services, LLC	Aviation	100%
EPIC Jet Cards, LLC	Aviation	100%
EPIC AvGas Cards, LLC	Aviation	100%
4909 Nautilus Court North, Boulder, Colorado, 80301-3692		
QT Petroleum on Demand, LLC	Aviation	100%
United States Virgin Islands		
Waterfront Center, Suite A, 72 Kronprindsens Gade, St Thomas, 00803		
Signature STT, LLC	Aviation	100%
Joint Ventures		
FBOASE, LLC	Aviation	53%
GB Aviation Holdings, LLC	Aviation	50%
Signature Canada FBO Services, Inc.	Aviation	75%
Jacksonville Jetport, LLC	Aviation	50%
Associated Undertakings		
Hong Kong Business Aviation Centre Limited	Aviation	10%
Hong Kong Business Aviation Centre (China) Limited	Aviation	10%
Page Avjet Fuel Co., LLC	Aviation	50%
Investments in assets classified as financial instruments fair valued through other comprehensive income		
Alyssum Group Limited	Aviation	3.19%
Lider Taxi Aéreo S.A Air Brasil	Aviation	1.45%



The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 ('the Act') relating to the audit of individual accounts in respect of the financial year ended 31 December 2021 by virtue of section 479A of the Act:

Subsidiary undertaking	Registered number
Balderton Aviation Holdings Limited	5556013
BBA Aviation Business Support Centre – EMEA Limited	8002053
BBA Aviation Finance	6415051
BBA Aviation Pensions (GP) Limited	SC471197
BBA Finance	4079721
BBA Finance No. 1	4331795
BBA Finance No. 4 Limited	4862401
BBA Finance No. 5	5172716
BBA Holdings Limited	546693
BBA Overseas Holdings Limited	885456
CSE Bournemouth Limited	1474814
Guthrie Overseas Investments Limited	108268
Landmark Aviation (UK) Limited	8966125
RSS Jet Centre (Prestwick) Limited	5653923
RSS Jet Centre Limited	711628
Signature Flight Support Limited	4818186
Signature Flight Support London Luton Limited	2288275
Signature Flight Support UK Regions Limited	SC169996
Signature Refuelers Limited	SC197170
The Guthrie Corporation Limited	840899