

## **BBAM UK Limited**

Directors' Report and Financial Statements for the year ended  
31 December 2020

# **BBAM UK Limited**

## **Directors' Report and Financial Statements**

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# **BBAM UK Limited**

## **Directors and Other Information**

### **Directors**

Max Pentelow  
Steven Zissis  
Gregory Azzara (Resigned on 30 October 2020)  
Vincent Cannon (Appointed on 30 October 2020)

### **Registered Office**

Suite 1, 3<sup>rd</sup> Floor  
11-12 St James's Square  
London SW1Y 4LB

### **Company Secretary**

Vistra Company Secretaries Limited

### **Registered Number of Incorporation**

7037498

### **Auditors**

Ernst & Young  
Chartered Accountants  
Ernst & Young Building  
Harcourt Centre  
Harcourt Street  
Dublin 2

### **Bankers**

Deutsche Bank  
60 Wall Street  
New York  
NY – 10005  
United States

Union Bank  
350 California Street  
San Francisco  
CA – 94104  
United States

# **BBAM UK Limited**

## **Strategic Report**

The Directors present herewith their strategic report and audited financial statements for the year ended 31 December 2020.

### **Principal Activities and Review of the Development of the Business**

The principal activity of BBAM UK Limited (the “Company”) is the provision of management services to BBAM companies. The Directors expect these activities to continue for the foreseeable future. The Directors continue to review and seek business opportunities for the Company. The Company is operated and managed as a single operating segment.

### **Principal Risks and Uncertainties**

BBAM UK Limited, in the course of its business activities, is exposed to market, credit, liquidity, foreign currency and interest rate risk. The Company in turn has a financial risk policy that is managed by a fellow group undertaking, BBAM Aircraft Management LP (“BBAM”). The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the organisation. The financial risks are discussed in more detail in Note 18 ‘Risk and uncertainties’.

### **Results for the Year and State of Affairs at 31 December 2020**

The Statement of Comprehensive Income for the year ended 31 December 2020 and the Statement of Financial Position at that date are set out on pages 10 and 11. The profit on ordinary activities for the year before taxation amounted to US\$39,279 (2019: US\$66,940). After charging taxation of US\$6,830 (2019: US\$11,679), a profit of US\$32,449 (2019: US\$55,261) is transferred to reserves. Shareholders’ funds at 31 December 2020 amounted to a surplus of US\$789,583 (2019: US\$757,134). The Directors did not recommend a dividend be paid in respect of the current financial year (2019: US\$Nil).

### **Directors’ Interests**

The Directors who served during the year are set out on page 1 of these financial statements. The Director who held office at 31 December 2020 had no interest in the share capital of the Company at any time during the financial year. In accordance with the Articles of Association the Directors are not required to retire by rotation.

### **Going Concern**

These financial statements have been prepared on a going concern basis. The outbreak of COVID-19 has led to travel restrictions and cancellation of flights impacting our customers across the globe. While it is difficult to predict the extent of the impact from COVID-19 and the length of time current restrictions will remain in place, the outbreak and the related decreased demand for aircraft travel is significantly impacting our customer, being the airlines, which could lead to their inability to meet their lease payment obligations to the Company, lead to cancellations and no extension of their lease contract with the Company which could negatively affect the Company’s financial condition, cash flow and results from operating activities.

All liabilities are owing to fellow group entities, as a result, the Directors have considered the impact on BBAM Limited Partnership (“BBAM LP”), the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Group’s use of the going concern basis of preparation at the date of signing of these financial statements by evaluating all cash inflows and outflows of BBAM LP and its subsidiaries, over the coming year under the following assumptions, judgements and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months, and
- the letter of support provided by the ultimate parent undertaking and controlling party.

# **BBAM UK Limited**

## **Strategic Report (continued)**

### **Going Concern (continued)**

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation.

### **Transactions involving Directors**

There are no loans advanced to the Directors at any time during the financial period. There were no contracts or arrangements in relation to the business of the Company in which the Director had any interest at any time during the year ended 31 December 2020.

### **Dividends**

No dividends were paid during the financial period.

### **Issue of Shares**

The Company issued 1 ordinary share on 7 January 2013 to BBAM International Limited Partnership. No shares were issued during the financial period.

### **Events after the Reporting Period**

There are no significant events subsequent to 31 December 2020 that require adjustment to or disclosure in the financial statements.

### **Political Donations**

No political donations were made by the Company during the year (2019: US\$Nil).

### **Charitable Contributions**

No charitable contributions were made by the Company during the year (2019: US\$Nil).

Approved by the Board and authorised for issue on 25 August 2021.



Director  
Vincent Cannon

# **BBAM UK Limited**

## **Director's Report**

The Directors present herewith their annual report and audited financial statements for the year ended 31 December 2020.

### **Disclosure of Information to the Auditors**

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

### **Directors' Qualifying Third Party Indemnity Provisions**

The Company benefits from an indemnity policy which protects its Directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

### **Directors' Responsibilities Statement**

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards "IFRSs" as adopted by the European Union and with those parts of the Companies Acts applicable to companies reporting under IFRS.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper books of account that 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 provision of the applicable Companies Acts.

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 Company has elected to disclose the following matters in the Strategic Report as the Directors consider these to be of strategic importance:

- Principal activities and review of the development of the business
- Going concern
- Transactions with directors
- Subsequent events

# **BBAM UK Limited**

## **Director's Report (continued)**

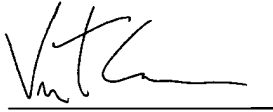
### **Accounting Records**

The Directors believes that they have complied with the requirements of the Companies Act, 2006, with regard to the keeping of accounting records, including the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experiences and expertise.

### **Independent Auditors**

Ernst & Young, Chartered Accountants, will be proposed for reappointment in accordance with section 485 of the Companies Act, 2006.

Approved by the Board and authorised for issue on 25 August 2021.

A handwritten signature in black ink, appearing to read 'V Cannon', is written over a horizontal line.

Director  
Vincent Cannon

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED**

### **Opinion**

We have audited the financial statements of BBAM UK Limited ('the Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED (CONTINUED)**

### **Other information**

The other information comprises the information included in the strategic report and directors' report. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED (CONTINUED)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards including International Financial Reporting Standards (IFRSs) as adopted by the European Union, and Companies Act 2006
- We understood how the Company is complying with those frameworks by the oversight of those charged with governance, the culture of honesty and ethical behaviour and a strong emphasis is placed on fraud prevention, and fraud deterrence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding of the Company's policies and procedures on fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved management inquiries and obtaining legal confirmation from the legal counsel.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBAM UK LIMITED (CONTINUED)**

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

### **Use of our report**

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

A handwritten signature in black ink, which appears to read 'Patrick O'Driscoll', is located below the 'Use of our report' section.

Patrick O'Driscoll (*Senior statutory auditor*)  
for and on behalf of  
Ernst & Young, *Statutory Auditor*  
Dublin

Date: 25 August 2021

## BBAM UK Limited

### Statement of Comprehensive Income for the year ended 31 December 2020

	Note	2020 US\$	2019 US\$
Operating income	2	164,813	178,618
Operating expense	3	(125,517)	(111,678)
<b>Net operating profit on continuing operations</b>		<b>39,296</b>	<b>66,940</b>
Interest expense	4	(17)	–
<b>Profit on ordinary activities before taxation</b>		<b>39,279</b>	<b>66,940</b>
Tax charge on profit on ordinary activities	5	(6,830)	(11,679)
<b>Profit on ordinary activities after taxation</b>		<b>32,449</b>	<b>55,261</b>

The Company has adopted a single Statement of Comprehensive Income. There are no components of Other Comprehensive Income and therefore no separate Statement of Other Comprehensive Income has been prepared.

The accompanying notes on pages 14 to 33 form an integral part of these financial statements.

# BBAM UK Limited

## Statement of Financial Position at 31 December 2020

	Note	2020 US\$	2019 US\$
<b>Current assets</b>			
Cash and cash equivalents	6	718,208	677,986
Amounts due from fellow group undertakings	7	85,804	95,710
Income tax receivables		12,660	15,502
		816,672	789,198
<b>Non-current assets</b>			
Deferred tax assets	5	901	4,030
Other assets	8	2,619	15,847
		3,520	19,877
<b>Total assets</b>		820,192	809,075
<b>Current liabilities</b>			
Amounts due to fellow group undertakings	9	3,885	3,239
Other liabilities	10	26,724	48,702
<b>Total liabilities</b>		30,609	51,941
<b>Equity</b>			
Share capital	11	1	1
Retained earnings		789,582	757,133
<b>Total equity</b>		789,583	757,134
<b>Total liabilities and equity</b>		820,192	809,075

The accompanying notes on pages 14 to 33 form an integral part of these financial statements.

Approved by the Board and authorised for issue on 25 August 2021.



Director  
Vincent Cannon

## **BBAM UK Limited**

### **Statement of Changes in Equity for the year ended 31 December 2020**

	<b>Share Capital US\$</b>	<b>Retained Earnings US\$</b>	<b>Total Equity US\$</b>
Balance at 1 January 2019	1	701,872	701,873
Profit for the year	–	55,261	55,261
Balance at 31 December 2019	1	757,133	757,134
Profit for the year	–	32,449	32,449
Balance at 31 December 2020	1	789,582	789,583

No dividends were paid in 2020 (2019: US\$Nil).

## BBAM UK Limited

### Statement of Cash Flows for the year ended 31 December 2020

	2020 US\$	2019 US\$
<b>Cash flows from operating activities</b>		
Operating profit from continuing operations	39,296	66,940
Decrease (increase) in amounts due from fellow group undertakings	9,905	(17,612)
Increase (decrease) in amounts due to fellow group undertakings	646	(88,540)
Decrease (increase) in other assets	13,229	(14,966)
Decrease in other liabilities	(21,978)	(40,655)
<b>Cash inflow from operations</b>	<b>41,098</b>	<b>(94,833)</b>
Interest payments made	(17)	—
Income taxes paid	(859)	(24,233)
<b>Net cash inflow from operations</b>	<b>(876)</b>	<b>(119,066)</b>
Net increase(decrease) in cash and cash equivalents	40,222	(119,066)
Cash and cash equivalents at the beginning of the year	677,986	797,052
<b>Cash and cash equivalents at the end of the year</b>	<b>718,208</b>	<b>677,986</b>

# BBAM UK Limited

## Notes to the Financial Statements 31 December 2020

### 1. Statement of accounting policies

BBAM UK Limited (the "Company") is a limited liability company incorporated on 11 October 2009 and domiciled in the UK. The following accounting policies have been applied consistently to all years presented, unless otherwise stated.

#### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

#### b) Basis of preparation

The financial statements are presented in United States Dollars (US\$). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU.

These financial statements have been prepared on a going concern basis. The outbreak of COVID-19 has led to travel restrictions and cancellation of flights impacting our customers across the globe. While it is difficult to predict the extent of the impact from COVID-19 and the length of time current restrictions will remain in place, the outbreak and the related decreased demand for aircraft travel is significantly impacting our customer, being the airlines, which could lead to their inability to meet their lease payment obligations to the Company, lead to cancellations and no extension of their lease contract with the Company which could negatively affect the Company's financial condition, cash flow and results from operating activities.

All liabilities are owing to fellow group entities, as a result, the Directors have considered the impact on BBAM Limited Partnership ("BBAM LP"), the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Group's use of the going concern basis of preparation at the date of signing of these financial statements by evaluating all cash inflows and outflows of BBAM LP and its subsidiaries, over the coming year under the following assumptions, judgements and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months, and
- the letter of support provided by the ultimate parent undertaking and controlling party.

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation.

#### c) New and amended accounting standards and pronouncements adopted

In preparing the financial statements, the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ('IASB') and have been adopted for use by the EU for annual reporting periods beginning on or after 1 January 2020:

##### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.



# BBAM UK Limited

## Notes to the Financial Statements 31 December 2020

### 1. Statement of accounting policies (continued)

#### c) New and amended accounting standards and pronouncements adopted (continued)

##### **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

##### **Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

##### **Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

##### **Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1 Statement of accounting policies (continued)

#### d) New Standards or Interpretations Not Yet Adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

##### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1 Statement of accounting policies (continued)

#### d) New Standards or Interpretations Not Yet Adopted (continued)

##### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

##### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company has reviewed the impact of the initial application of these amendments and they are not expected to have a material impact on the Company.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1 Statement of accounting policies (continued)

#### e) Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company earns management fees, remarketing fees and service fees for the arrangement of aircraft leasing activities.

#### f) Foreign Currency

The financial statements are prepared in US dollars (US\$) and accordingly transactions are translated at the rate of exchange prevailing on the first day of the month. However, where there is a difference of more than 5% between this rate and the rate at the date of the transaction, an adjustment is made.

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at exchange rates prevailing at the end of the reporting period. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the date of acquisition of the asset. All exchange differences are included in the Statement of Comprehensive Income.

#### g) Operating Income

Operating income comprising of management fee income, remarketing fee income and service charge income from BBAM are recognised in the Statement of Comprehensive Income. Operating income is recognised in the year in which it is earned.

#### h) Operating Expenses

The operating expenses of the Company are recognised in the financial statements on an accrual basis. Operating expense comprises of payroll and administrative expenses.

#### i) Financial Instruments

The Company's financial assets are all categorised as financial assets measured at amortised cost. Financial asset measured at amortised cost comprises of "cash and cash equivalents", "income tax receivables" and "amounts due from fellow group undertakings" in the Statement of Financial Position.

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprises "amounts due to fellow group undertakings" and "other liabilities" in the Statement of Financial Position.

# BBAM UK Limited

## Notes to the Financial Statements (continued) 31 December 2020

### 1 Statement of accounting policies (continued)

#### i) Financial Instruments (continued)

##### 1) Financial Assets

###### Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at, amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost
- financial assets at fair value through OCI with recycling of cumulative gains and losses
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- financial assets at fair value through profit or loss

###### *Financial assets at amortised cost*

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets amortised cost includes cash and cash equivalents, income tax receivables and amounts due from fellow group undertakings.

# BBAM UK Limited

## Notes to the Financial Statements (continued) 31 December 2020

### 1. Statement of accounting policies (continued)

#### i) Financial Instruments (continued)

##### 1) Financial Assets (continued)

###### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Comprehensive Income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not hold any equity instruments at fair value through OCI.

###### *Financial assets designated at fair value through OCI (debt instruments)*

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not hold any debt instruments at fair value through OCI.

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial

assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Company does not hold any financial asset at fair value through profit or loss.

# BBAM UK Limited

## Notes to the Financial Statements (continued) 31 December 2020

### 1. Statement of accounting policies (continued)

#### i) Financial Instruments (continued)

##### 1) Financial Assets (continued)

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Statement of Financial Position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

###### Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in note 19.

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

ECLs are recognised in two stages.

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).
- those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1. Statement of accounting policies (continued)

#### i) Financial Instruments (continued)

##### 1) Financial Assets (continued)

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

##### 2) Financial Liabilities

###### Initial recognition and measurement

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprises "amounts due to fellow group undertakings" and "other liabilities" in the Statement of Financial Position.

All financial liabilities are recognised initially at fair value and, in the case of notes payable, net of directly attributable transaction costs.

###### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

This category generally applies to interest-bearing loans and borrowings.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.



# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1. Statement of accounting policies (continued)

#### i) Financial Instruments (continued)

##### 3) Non Derivative Financial Instruments

Non-derivative financial instruments comprise “cash and cash equivalents”, “income tax receivables”, “current tax payables”, “other liabilities”, “amounts due from fellow group undertakings” and “amounts due to fellow group undertakings”.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at cost using the effective interest rate method, less any impairment losses. Where the terms of a loan facility are amended, the Company determines whether the amendment constitutes a substantial modification under both a quantitative and qualitative basis. If the amendment is deemed a substantial modification, the loan facility is deemed to be a new facility and the loan principal is deemed to have been repaid and all unamortised fees relating to the original loan facility are amortised to the Statement of Comprehensive Income and included under finance expense.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

##### Cash and cash equivalents

Cash and cash equivalents comprise amounts due from banks and where applicable, overdrafts. They are convertible into cash with an insignificant risk of change in value and with original maturities of less than 90 days.

#### j) Leases

Leases are accounted for and classified in accordance with IFRS 16 *Leases*. Leases where the Company transfers substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

#### k) Taxation

Corporation tax payable is provided on the results for the year. The Company is subject to UK Corporation tax on trading operations at the standard rate of 19%.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Provision is made at the rates expected to apply when the temporary differences reverse based on legislation substantively enacted at the end of the reporting period. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements (on an undiscounted basis).

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

## **BBAM UK Limited**

### **Notes to the Financial Statements (continued)** **31 December 2020**

#### **1. Statement of accounting policies (continued)**

##### **l) Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

##### **m) Critical Accounting Estimates and Judgments**

The preparation of the financial report in conformity with IFRS requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that the Directors believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors 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.

##### **n) Determination of fair values**

Some of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair value is the amount at which an instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation sale. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

###### **a. Cash and cash equivalents**

The carrying amount approximates to fair value due to the short-term nature of these instruments.

###### **b. Amounts due from fellow group undertakings**

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

###### **c. Income tax receivables**

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

###### **d. Amounts due to fellow group undertakings**

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

###### **e. Amounts due to fellow group undertakings**

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 1 Statement of Accounting Policies (continued)

#### n) Determination of fair values (continued)

##### f. Other liabilities

The carrying amount approximates to fair value due to the expected short-term nature of these instruments.

### 2. Operating income

Operating income is comprised of management fee income, remarketing fee income and service charge income received from BBAM.

### 3. Operating expenses

	2020 US\$	2019 US\$
General administrative and service reimbursement charges	59,539	44,406
Payroll related		
Salaries and compensation	68,311	64,903
Benefits	–	(2,169)
Taxes	(2,333)	4,538
	<u>125,517</u>	<u>111,678</u>

### 4. Interest Expense

	2020 US\$	2019 US\$
Interest expense	17	–
	<u>17</u>	<u>–</u>

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 5. Tax on continuing operations

	2020 US\$	2019 US\$
<b>a) Analysis of tax charge in year</b>		
Current tax:		
UK corporation tax on net profit for year	3,701	6,681
Adjustments in respect of prior periods	–	–
Corporation tax charge	3,701	6,681
Deferred tax:		
Origination and reversal of temporary timing differences	3,129	4,998
Adjustments in respect of prior periods	–	–
Deferred tax charge	3,129	4,998
Total tax charge for the period	6,830	11,679

### b) Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:

	2020 US\$	2019 US\$
Profit on ordinary activities before taxation	39,279	66,940
Tax on profit on ordinary activities at standard UK corporation tax rate of 19 % (2019: 19%)	7,463	12,719
<b>Effects of:</b>		
Non-assessable income not allowed for tax purposes	(162)	(452)
Adjustments in respect of prior periods	–	–
Difference in the rate for current tax and deferred tax	(471)	(588)
Total tax charge for the period	6,830	11,679

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 5. Tax on continuing operations (continued)

#### a) Circumstances affecting current and future tax charges

On 3 March 2021 the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

#### b) Deferred income tax

	2020 US\$	2019 US\$
Opening balance	4,030	9,028
Deferred tax (expense)	(3,129)	(4,998)
Total deferred tax asset	901	4,030

The deferred tax asset is driven mainly by differences in bonus payment for tax purposes.

### 6. Cash and cash equivalents

	2020 US\$	2019 US\$
Cash at bank	718,208	677,986
	718,208	677,986

### 7. Amounts due from fellow group undertakings

	2020 US\$	2019 US\$
Amounts due from fellow group undertakings	85,804	95,710
	85,804	95,710

Amounts due from fellow group undertakings are unsecured, interest free and repayable on demand.

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 8. Other assets

	2020 US\$	2019 US\$
Prepaid expenses	2,619	15,847
	<u>2,619</u>	<u>15,847</u>

### 9. Amounts due to fellow group undertakings

	2020 US\$	2019 US\$
Amounts due to fellow group undertakings	3,885	3,239
	<u>3,885</u>	<u>3,239</u>

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand.

### 10. Other liabilities

	2020 US\$	2019 US\$
Expense accruals	26,724	48,702
	<u>26,724</u>	<u>48,702</u>

### 11. Share capital

	2020 US\$	2019 US\$
<i>Authorised</i>		
100,000 ordinary shares of \$1 each	100,000	100,000

	2020 US\$	2019 US\$
<i>Allotted, called up and fully paid</i>		
1 ordinary share of \$1 each	1	1

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 12. Fair value

Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing and able parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

#### a) Fair value of financial assets and liabilities

The fair value of the Company's cash and cash equivalents, amounts due from fellow group undertakings, amounts due to fellow group undertakings, current tax payable and other liabilities approximate their carrying value.

The following table summarises fair value measurements recognised in the statement of financial position or disclosed in the Company's financial statements by asset or liability and categorised by level according to the significance of the inputs used in making the measurements.

	Instruments at fair value through profit and loss 2020 US\$	Instruments at fair value through other comprehensive income 2020 US\$	Amortised Cost 2020 US\$	Carrying Amount 2020 US\$	Fair Value 2020 US\$
Cash and cash equivalents	–	–	718,208	718,208	718,208
Amounts due from fellow group undertakings	–	–	85,804	85,804	85,804
Income tax receivables	–	–	12,660	12,660	12,660
Financial assets 2020	–	–	<b>816,672</b>	<b>816,672</b>	<b>816,672</b>
Amounts due to fellow group undertakings	–	–	3,885	3,885	3,885
Other liabilities	–	–	26,724	26,724	26,724
Financial liabilities 2020	–	–	<b>30,609</b>	<b>30,609</b>	<b>30,609</b>

## BBAM UK Limited

### Notes to the Financial Statements (continued)

31 December 2020

#### 12. Fair value (continued)

##### a) Fair value of financial assets and liabilities (continued)

	Instruments at fair value through profit and loss 2019 US\$	Instruments at fair value through other comprehensive income 2019 US\$	Amortised Cost 2019 US\$	Carrying Amount 2019 US\$	Fair Value 2019 US\$
Cash and cash equivalents	—	—	677,986	677,986	677,986
Amounts due from fellow group undertakings	—	—	95,710	95,710	95,710
Income tax receivables	—	—	15,502	15,502	15,502
Financial assets 2019	—	—	<b>789,198</b>	<b>789,198</b>	<b>789,198</b>
Amounts due to fellow group undertakings	—	—	3,239	3,239	3,239
Other liabilities	—	—	48,702	48,702	48,702
Financial liabilities 2019	—	—	<b>51,941</b>	<b>51,941</b>	<b>51,941</b>

#### 13. Statutory and other information

The profit on ordinary activities before taxation is stated after charging:

	2020 US\$	2019 US\$
Directors' remuneration	68,311	62,734
Auditor's remuneration	15,482	12,061
Tax preparer's remuneration	5,624	1,825
	<b>89,417</b>	<b>76,620</b>

The highest paid Director was paid an amount of US\$68,311 in 2020 (2019: US\$62,734). Auditor's remuneration for the current and prior year arises solely on fees incurred for the statutory audit. The tax compliance fee incurred for the current and prior year are payable to the auditors.

#### 14. Employees

The Company has one employee who is also a Director.



## BBAM UK Limited

### Notes to the Financial Statements (continued)

31 December 2020

#### 15. Ultimate and immediate parent undertaking

The Company is a limited liability company incorporated and domiciled in the UK. The Company is a wholly-owned subsidiary of BBAM International Limited Partnership ("BBAM ILP"), a company incorporated in the Cayman Islands. BBAM ILP is a wholly-owned subsidiary of BBAM Limited Partnership ("BBAM LP"), a company incorporated in the Cayman Islands.

As at 31 December 2020, the immediate parent undertaking is BBAM ILP. The ultimate parent undertaking and controlling party is BBAM LP. BBAM LP, the smallest and largest group in which the financial statements of the Company are consolidated. The consolidated financial statements of BBAM LP are not publicly available.

#### 16. Related party transactions

The Company has been engaged to provide management and consulting services to BBAM. BBAM is a wholly owned subsidiary of the ultimate parent undertaking. The fees earned from BBAM during the year totalled US\$164,812 (2019: US\$162,595). The balance receivable from BBAM at 31 December 2020 was US\$75,012 (2019: US\$79,687).

The Company has amounts receivable/(payable) from fellow group undertakings as disclosed in aggregate in Notes 7 and 10. The following is a list of those fellow group undertakings and their relationship with the Company:

Company	Relationship Type	31-Dec-2020	31-Dec-2019
BBAM International LP	Immediate parent undertaking	(US\$2,651)	(US\$2,651)
BBAM US LP	Owned by immediate parent	(US\$1,028)	(US\$587)
BBAM Aircraft Management LP	Owned by immediate parent	US\$75,012	US\$79,687
Summit Meridian GP Co. Ltd	Related party undertaking	US\$549	US\$7,912
Jupiter Aviation GP Co Ltd	Related party undertaking	US\$6,354	US\$6,354
Horizon Aircraft Manager Co. Ltd	Related party undertaking	US\$1,982	US\$1,153
Horizon Aircraft Manager II Co. Ltd	Related party undertaking	US\$1,146	US\$433
Horizon Aircraft Manager III Co. Ltd	Related party undertaking	US\$761	US\$170

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 17. Capital management

The primary objective of the Company in terms of capital management is to ensure that appropriate capital ratios are maintained in order to support the business. Capital comprises issued share capital and retained earnings and is measured at US\$790,416 as at 31 December 2020 (2019: US\$757,134). The Company manages its capital base and makes adjustments to it in light of changes in economic conditions. There have been no changes in the objectives, policies or processes relating to capital management during the financial year 2020.

### 18. Risk and uncertainties

#### a) Market risk

The Company is subject to the market risk of the companies for which management services are provided. The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft in the fleet and/or reduced market rates, higher incidences of lessee default and aircraft on ground all of which may require that the carrying value of aircraft be materially reduced. These exposures are managed through the requirement of the airlines that lease the Company's assets to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance on each aircraft. The effective monitoring and controlling of these exposures for the year was a competency of BBAM as part of the financial risk policy which the Company has entered into.

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Company and expose the Company to significant financial loss.

#### b) Credit risk

Credit risk is defined as unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The effective monitoring and controlling of airline customer credit risk is a competency of BBAM as part of the financial risk policy the Company has entered into. Creditworthiness of each new customer is assessed and the Company seeks security deposits in the form of cash or Letter of Credit to mitigate overall financial exposure to its lessees. The assessment process takes into account qualitative and quantitative information about the customer such as business activities, financial resources and performance or business risks, to the extent that this information is publicly available or otherwise disclosed to the Company.

The Company holds cash balances which are invested on a short-term basis and are classified as cash and cash equivalents. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Company typically does not enter into deposits with duration of more than 3 months.

The Company and BBAM periodically perform reviews of its trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

#### Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss ("ECL") model:

- cash and cash equivalents
- amounts due from group undertakings

# BBAM UK Limited

## Notes to the Financial Statements (continued)

31 December 2020

### 18. Risk and uncertainties (continued)

#### b) Credit risk (continued)

##### *Cash and cash equivalents*

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

##### *Amounts due from group undertakings*

While amounts due from group undertakings are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

#### c) Liquidity risk

In the management of liquidity risk, the Company and BBAM monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of the fluctuation in cash flows.

The Company's exposure to liquidity risk is minimal as the Company maintains sufficient cash and cash equivalents to meet its short-term liabilities.

#### d) Foreign currency risk

The Company's exposure to foreign currency risk is minimal. The Company's foreign currency exposures arise mainly on audit and tax fees which are denominated in Euro and Pound Sterling, respectively.

#### e) Interest rate risk

The Company is not exposed to interest rate risk through the impact of rate changes as interest bearing liabilities are zero. Therefore, no sensitivity analysis has been provided.

### 19. Events after the reporting period

There are no significant events subsequent to 31 December 2020 that require adjustment to or disclosure in the financial statements.

### 20. Approval of financial statements

The Board of Directors approved and authorised these financial statements on 25 August 2021.