

# Signature Aviation Limited

Annual Report for the year ending 31 December 2022

Registered number 00053688



Annual Report and Accounts 2022





## Company Information

### Annual Report and Accounts 2022

**Registered number** 00053688

**Registered office** Terminal 1  
Percival Way  
Luton LU2 9PA

**Auditor** Deloitte LLP  
1 New Street Square  
London  
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United Kingdom

**Read more about Signature Aviation**  
[www.signatureflight.com/about](http://www.signatureflight.com/about)

Strategic Report

Directors' Report

Financial Statements

## 2022 in review

### Continuing Group revenue

**\$3,531.9m**

2021: \$2,285.4m

### Continuing Group net revenue pre IFRS 16<sup>1</sup>

**\$1,376.6m**

2021: \$1,116.0m

### Continuing Group underlying EBITDA pre IFRS 16<sup>1</sup>

**\$540.3m**

2021: \$388.7m

### Continuing Group underlying EBITDA margin pre IFRS 16<sup>1</sup>

**39.2%**

2021: 34.9%

### Continuing Group statutory profit before tax

**\$200.5m**

2021: \$61.4m

### Operating cash flow pre IFRS 16

**\$269.1m**

2021: \$161.4m

### Free cash flow<sup>1</sup>

**\$121.1m**

2021: \$103.8m

<sup>1</sup> Defined and reconciled to reported financials under Alternative performance Measures (APMs). See note 29.

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## Strategic Report

### The Directors present their Strategic Report on a consolidated basis for the year ended 31 December 2022.

#### 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 360 FBO real estate and licensed or contracted locations throughout North and South America, Europe, Asia, Africa and the Caribbean. Through its EPIC Fuels subsidiary (EPIC), 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 Terminal 1, Percival Way, Luton LU2 9PA. The ultimate parent company is Signature Aviation US Holdco LP, incorporated in the USA and its registered address is 200 Bellevue Parkway, Suite 210, Wilmington, Newcastle County, Delaware 19809.

#### Competitive Advantages

Signature's competitive advantages outlined below position us as the number one 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; 16.2 million sq. ft. of hangar, terminal and office space under management in the US.
- Average remaining lease life of around 17 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.
- Ongoing focus on sustainability efforts, taking the lead in providing Sustainable Aviation Fuel (SAF) to the General Aviation market.

#### Key Events in 2022

On 1 July 2022 Signature completed the acquisition of 17 FBOs from Truman Arnold Companies (TAC) and CLT Aviation Partners (CLT) for a total consideration of \$1,269.8 million. Of the 17 FBOs, CLT owned a two-thirds stake in the Dallas FBO, for which they received \$52.5 million. TAC received \$1,197.5 million for the remaining one-third stake in Dallas plus the other 16 FBOs.

Pursuant to US competition clearance requirements, three of the acquired FBOs (at Bradley, Omaha and Raleigh Durham) were immediately sold to Atlantic Aviation for \$210.0 million upon the transaction closing.

The acquisition marks Signature's entry into 11 new markets within the heartland of the United States including Salt Lake City, Utah; Lexington, Kentucky; Buffalo, New York; and Knoxville, Tennessee. Signature's on-site presence at Denver Centennial Airport in Colorado and Dallas Love Field in Texas is further expanded through supplemental facilities, representing the Group's second and fourth FBO terminals at those airports, respectively. In addition, Signature assumed ownership of the TAC Private Hangars complex at the Scottsdale Airport in Arizona.

On 1 August 2022 Signature completed the acquisition of Sunrise Jets (formerly Eastway Aviation LLC) at Francis S. Gabreski Airport (FOK), a Charter and Maintenance, Repair and Overhaul (MRO) business, for \$18.9 million. The acquisition grants Signature access to the long lease at the airport, which would enable future plans to build and operate a new FBO there. While Signature retains the MRO business, the Charter operation has been classified as held for sale, with an active process to find a buyer initiated upon completion of the transaction.

On 17 October 2022 Signature announced a multi-year agreement with Bombardier for the purchase of SAF quantities (based on the Book and Claim system) covering all of Bombardier's flight operations starting in January 2023. The agreement is the first of this scope for a business aviation original equipment manufacturer (OEM). The initiative reinforces both companies' leadership role in the promotion, adoption and widespread use of SAF.

Bombardier and Signature Aviation are building on an established business relationship. In October 2021, the two companies signed an agreement to develop a diverse suite of services for an enhanced customer experience.

### 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 acquisition by Brown Bidco Limited (Brown Bidco), 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.

On 1 July 2022 Signature Aviation secured an incremental loan comprised of a Term Loan B-2 and an increase to the current RCF of \$50 million, with the acquisition of Truman Arnold Companies Air (TAC Air). As at the acquisition date, the amount of the Term Loan B-2 was \$1,100 million with Signature Aviation US Holdings Inc, and due to mature July 2029. The multicurrency revolving credit facility was increased by \$50 million to a total of \$400 million and is due March 2025 which was undrawn at the time of the acquisition.

As at 31 December 2022 Term Loan B Debt of \$2,477.1 million, comprised of both Term Loan B1 and Term Loan B2, and \$113.8 million of Senior Note debt for total borrowings of \$2,590.9 million.

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 2022 a LC for \$23.1 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 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 we anticipate this figure is higher in the wake of the pandemic's impact on commercial airlines and schedules.

B&GA travel is driven by corporate confidence and wealth creation, with a long-term, through cycle correlation to Gross Domestic Product (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 utilisation 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 CO<sub>2</sub> 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. Signature has pumped over 17 million gallons of SAF globally since inception 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; and
- 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.

The Signature global network serviced 1.3 million GA flights in 2022 with a total GA fuel volume of 390 million gallons. In 2021, Signature serviced 1.1 million GA flights with a total GA fuel volume of 328 million gallons.

### Global B&GA market in 2022

The B&GA market continued to see elevated growth levels in 2022 as pandemic related travel restrictions were largely eliminated by mid-2021. The materialization of pent-up demand was especially pronounced for travel to Western Europe over the summer, despite geopolitical instability and sanctions on Russian aircraft. This year also marked the return of pre-pandemic seasonal patterns which drove a noticeable year on year decline in US traffic in July and August, but was offset by European traffic, as global flight volume continued its upward growth trend. The resurgence of long-haul international B&GA flying contributed to an increased mix of large jet operations, which is anticipated to continue as orders for large jets reached record levels in 2022.

Despite the overall growth in 2022, the fourth quarter was softer compared against the hypergrowth of the fourth quarter of 2021; however compared to 2019 (our benchmark for market stability prior to the pandemic's onset), 2022 showed stable growth levels throughout the second half of the year, and the trend of increased B&GA activity from new entrants continues.

Signature operations followed a similar pattern as the B&GA market and significantly outpaced prior year while also seeing an increase in European operations and large jet traffic. The increase in average stage length and large jet mix supported increased fuel sales per operation and higher contribution throughout 2022. Flights to leisure markets and beach or mountain destinations are still the main contributor to growth since 2019 despite a softening in Charter operations in the back half of 2022.

Overall, 2022 continued to grow and demonstrate strong demand for private aviation and its operational predictability despite the rebuilding of commercial networks. This growth and stability of demand supports investments in infrastructure as well as operational efficiencies and higher levels of customer service.

### Alternative Performance Measures (APMs)

We assess Signature's performance using a variety of alternative performance measures. The APMs present Signature's results in a way that is more relevant to an understanding of our 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 2022 are as follows:

Alternative Performance Measures <sup>1</sup>	2022	2021
Statutory Revenue	3,531.9	2,285.4
Net Revenue (pre IFRS 16)	1,376.6	1,116.0
Organic Revenue Growth	11.0%	37.5%
Underlying operating profit (pre IFRS 16)	448.7	312.8
Statutory Operating profit	399.1	286.9
Underlying EBITDA (pre IFRS 16)	540.3	388.7
Underlying EBITDA Margin (Pre IFRS 16)	39.2%	34.8%
Operating Cash Flow (pre IFRS 16)	269.1	161.4
Cash Conversion (pre IFRS 16)	79.0%	62.0%
Free Cash Flow	121.1	103.8
Net Debt for Covenant Purpose	2,240.7	1,241.6

<sup>1</sup> All Alternative Performance Measures (APMs) are reconciled to IFRS measures and explained in note 29. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

### Financial Overview

For the year ended 31 December 2022, Signature's statutory revenue amounted to \$3,531.9 million (2021: \$1,495.2 million) and continuing revenue increased by 55% to \$3,531.9 million (2021: \$2,285.4 million), with organic revenue growth of 11.0% (2021: 37.5% growth), 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 23% to \$1,376.6 million in 2022 (2021: \$1,116.0 million). SFS US FBO organic gallons continued to recover through 2022 with most months outperforming 2021, growing by 9.6% year on year. Similarly, SFS Europe, Middle East, and Africa (EMEA) organic arrivals improved 24% driven by the surge in leisure travel demand. EPIC benefited from the improvement in the GA market and increase in fuel prices.

Continuing underlying operating profit, excluding the impact of IFRS 16, increased by 43% to \$448.7 million in 2022 (2021: \$312.8 million), while underlying EBITDA, excluding the impact of IFRS 16, increased by 39% to \$540.3 million in 2022 (2021: \$388.7 million). These movements reflect the improved market conditions and flight activity, along with increased efficiencies and some benefits from cost reductions.

Statutory operating profit increased by 39% to \$399.1 million in 2022 (2021: \$286.9 million) due to an \$177.7 million increase in gross profit from increased flight activity noted above, partially offset by an increase in administrative expenses of \$44.4 million, or 20%, year on year.

Continuing profit before tax improved to \$200.5 million in 2022 (2021: \$61.4 million), with the market increase in underlying profits supplemented by a \$59.9 million reduction in exceptional costs. Continuing underlying tax was a charge of \$62.1 million (2021: \$57.7 million charge) with the additional tax on increased profits offset by an \$18.1 million release in reserves for uncertain tax positions. Cash income taxes increased to a net outflow of \$62.3 million (2021: \$22.9 million outflow) due primarily to the increase in overall profits.

Operating cash flow, excluding the impact of IFRS 16, increased by 67% to \$269.1 million in 2022 (2021: \$161.4 million), while free cash flow increased by 17% to \$121.1 million in 2022 (2021: \$103.8 million) driven by benefits in operating profit offset by increased purchases of property, plant and equipment. Net debt for covenant purpose increased by 80% to \$2,240.7 million in 2022 (2021: \$1,241.6 million) due to the additional Term Loan B-2, slightly offset by an increase in reported cash and cash equivalents.

Continuing Group's underlying net interest, including the impact of IFRS16, was \$187.7 million (2021: \$123.3 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 \$nil compared to \$34.2 million in 2021 from the termination of fair value interest rate swaps hedging the fixed rate debt which was repaid. Exceptional interest expense was \$nil compared to \$39.0 million in 2021 which related primarily to the write-off of debt costs and the interest on the US senior notes which were repaid.

#### Post Balance Sheet Events

There have been no post Balance Sheet events between 31 December 2022 and 31 March 2023.

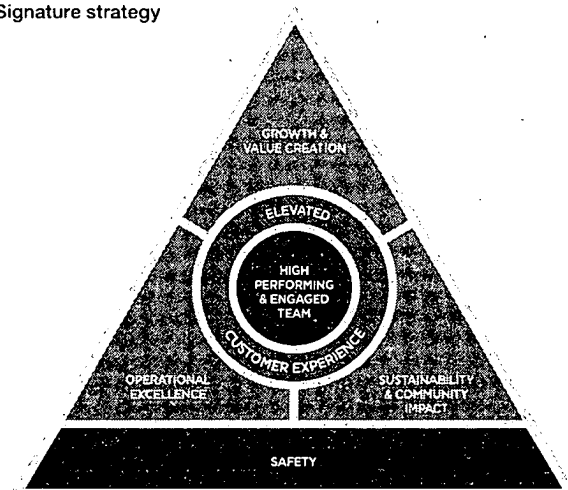
#### Future Outlook and Developments

In order to build and maximise momentum towards our future, the Signature strategy has evolved to ensure we continue to deliver on our goals and reach our full potential. Our strategy focuses on five key areas, supported by Safety, which is foundational to everything we do:

- Growth & Value Creation: Grow customer value through expanded network offerings.
- High Performing & Engaged Team: Build a customer centric, performance-based culture.
- Elevated Customer Experience: Deliver on defined brand promise and customer experience.
- Operational Excellence: Focus on safe, reliable, cost-effective processes.
- Sustainability & Community Impact: Recognised as environmentally and socially responsible leaders.

As we move into 2023, 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. 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.

#### Signature strategy





## 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 our risk assessment and 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 Financial Officer, the SVP of Accounting, who administers the enterprise risk process, and the 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 thorough 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.

Risk registers are refreshed annually, with key risks captured on a risk map, which is discussed with senior business management and the Group's leadership team in order to validate the risk profile. In addition to the annual risk register process, management regularly discuss any new risks that may arise during the year. 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 14 principal risks and uncertainties facing Signature Aviation. Such risks are considered 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. Climate change is included as a principal risk, whereas in prior years it was considered an emerging risk.

The Board and management have specifically challenged Group leadership to focus Board discussions on material risks and the Group's current readiness and ongoing mitigation actions to address these risks.

Risk	Description	Mitigation action/Control
<b>Economy</b>	Structural changes in the global economic environment, including the impact of historically high inflation rates, another global pandemic or cycle fluctuations that drive down B&GA, commercial and military flying.	<ul style="list-style-type: none"> <li>Active monitoring of lead economic indicators.</li> <li>Strong financial controls to monitor financial performance and provide a basis for corrective action when required.</li> <li>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.</li> <li>Active weekly price monitoring using logarithms to minimise the impact of price fluctuations.</li> </ul>
<b>Terrorist activity</b>	Global terrorist events either in-flight, at or near major airports materially impacting global air travel.	<ul style="list-style-type: none"> <li>Airport and internal access security processes, vetting of potential staff members in recruitment process.</li> <li>Low fixed costs allow cost base to be flexed to enable corrective action to be taken.</li> </ul>
<b>Legislative changes</b>	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"> <li>Active participation in all relevant industry bodies.</li> <li>Ongoing monitoring of all US and EMEA political activity which may impact B&amp;GA activity.</li> <li>Internal policies including Data Protection and supporting training ensure GDPR and California Consumer Privacy Act requirements are understood.</li> </ul>
<b>Competitive environment</b>	Ongoing competitor activity to replicate market position of Signature network on the field, actions of airports on potential changes of FBO requirements and customer consolidation with downward pricing pressure.	<ul style="list-style-type: none"> <li>Active monitoring of competitor activity.</li> <li>Continuous engagement with airport authorities.</li> <li>Strong financial controls to monitor financial performance.</li> <li>Use of pricing optimisation logarithms for the deployment of new pricing points into the market.</li> <li>Negotiate longer term contracts with large customers.</li> <li>Contract pricing language to mitigate price risk upon customer consolidation.</li> </ul>
<b>People</b>	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"> <li>Succession planning process embedded with review at Executive Leadership Team and Board level annually.</li> <li>Remuneration structure designed to reward superior performance and promote retention.</li> <li>Proactive employee development and key talent retention processes.</li> <li>Establishment of an employee hardship fund.</li> </ul>



Strategic Report

Directors' Report

Financial Statements

Risk	Description	Mitigation action/Control
<b>Product and services</b>	Potential liabilities from defects in services and products and associated warranty claims.	<ul style="list-style-type: none"> <li>Standard operating procedures with routine root cause analysis of all incidents.</li> <li>Liability insurance.</li> </ul>
<b>Cyber security</b>	Impact of a successful cyber attack.	<ul style="list-style-type: none"> <li>Operation of a specialist Information Security team.</li> <li>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.</li> <li>Cyber insurance included in insurance programme.</li> </ul>
<b>Ethics</b>	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"> <li>Clear values statement and ethical policies, including specific competition law matters.</li> <li>Semi-annual compliance certification by all senior management.</li> <li>Rigorous third party vetting processes, which include compliance with sanctions regulations.</li> <li>Robust internal control environment and regular review by internal and external audit.</li> </ul>
<b>Environment</b>	Environmental exposures.	<ul style="list-style-type: none"> <li>Strong procedural controls and physical containment when working with fuel or other hazardous chemicals.</li> <li>Active management of known environmental matters to minimise costs to resolve.</li> <li>Environmental insurance where appropriate.</li> </ul>
<b>Climate Change</b>	Various areas of potential impact, including increased political and public pressure over the impact of B&GA travel, new regulations and taxes, alternative sources of travel, increasing frequency of severe weather incidents – floods, wildfires, storms etc, environmental risks arising from fuel or other hazardous chemicals, changes in flight technology.	<ul style="list-style-type: none"> <li>Strong corporate governance with an active Environmental Sustainability Board Committee.</li> <li>Actively working towards increasing inventory availability of SAF.</li> <li>Electrifying our Ground Service Equipment.</li> <li>Expanding fleet to include solar, alternative fuel vehicles, electric aircraft.</li> <li>Optimizing our facilities, which includes installing solar panels and Electric Vehicle (EV) chargers.</li> <li>Protecting human health by eliminating PFAS 'forever' chemicals from all fire suppression systems.</li> <li>Increase availability of Renew Book &amp; Claim credits.</li> <li>Internal and external regulatory monitoring of site health and safety regulations.</li> <li>Robust Business Continuity Management plans in place for extreme weather events.</li> </ul>
<b>Banking covenants</b>	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"> <li>Strong treasury management controls concerning liquidity management.</li> </ul>
<b>Tax</b>	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"> <li>Timely compliance with all international tax requirements.</li> <li>Continuous monitoring of changes to tax legislation, taking advice where appropriate from reputable professional advisers.</li> </ul>
<b>Supply chain disruption</b>	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"> <li>Ability to source our fuel directly from the fuel refiners, rather than via the middle market (where EPIC is an established player).</li> <li>Regular business reviews with major suppliers that address horizontal supply chain issues.</li> <li>Mitigate single sources of supply where able or incorporate supply agreements that provide protection against loss and interruption.</li> </ul>
<b>Major safety or environmental incident</b>	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"> <li>Internal and external regulatory monitoring for all health and safety regulations at all sites.</li> <li>Standardised network approach to safe customer experience.</li> <li>Business continuity plans in all locations, with a programme of regular testing led by the Business Continuity Management Council.</li> </ul>



## 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 Section 172 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 FBOs with the purchase of TAC Air adding 14 locations in the United States on 1 July 2022. We also completed the acquisition of Sunrise Jets (formerly Eastway Aviation LLC) in Westhampton, New York on 1 August 2022. These decisions were in the best long-term economic interests of the Group.

The Board's timelines are drawn towards the longer term given the average lease length of our FBO assets and lease renewals. The Board continues to take a long-term view with business decisions when considering the Group's strategy and conducting a review of emerging risks.

#### b. Foster business relationships with suppliers, customers and others

The Board is aware of the need to foster long term relationships knowing that without them the business is unlikely to be sustainable. There continues to be an ongoing focus for high standards of customer service. The Board is regularly briefed on key relationships, suppliers and customer feedback.

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 continued to focus on the safety of employees, customers and others, and the Group 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

The Signature Stars employee recognition programme launched in 2022 with great success. Signature Stars allows team members to recognise their peers for exceptional service. Signature Aviation employees ended 2022 with over 6,200 accolades. The Employee Voice programme continues to facilitate the Non-Executive Directors' understanding of what it is like to work for Signature Aviation and has informed the Board of discussions on a variety of topics. 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 upon individual donations from the Group's employees. In 2022, it provided \$78,960 in grants to 46 employees in need.

The Board was also pleased to discuss the activities of the Diversity & Inclusion (D&I) Committee. In 2022, the D&I Speaker Series hosted a different guest each quarter in conversation with a senior team member on various dimensions of diversity, as well as mental wellbeing and inclusion at work. We also continued our activities in support of Women in Aviation and Come Out with Pride.

The Group continued investing in the development of our team through programmes like the new Emerging Leaders Program, GMIT (General Manager in Training), GOAL (General Onboarding, Advanced Learning), Leading Learners Program and LinkedIn Learning. More than 2,000 team members took advantage of these opportunities to learn and grow. In addition, Safety Training recertification programmes were implemented and focused on our key operations of Towing and Wing-walking to ensure our team members were staying proficient and safe.

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

Signature continues to emphasise that sustainability is a key enabler of the overall Group and Company strategy. The Board prioritises environmental justice in all major airport decisions and is briefed on the impact to local communities and the environment. Signature's Environmental Policy endeavours to reflect a commitment to environmental responsibility, social responsibility, corporate governance and integrating that responsibility into all aspects of the business. The Group and the Company is also engaged in preparing an Environmental Social Governance (ESG) Report. Signature recognises the risk to human health and the environment from AFFF firefighting 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 is a very important part of the Group and the Company's reputation and how stakeholders, customers and employees feel about Signature. Signature's global roadmap towards net zero by 2050 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. Signature also continues to provide a permanent supply of SAF while building upon its established momentum towards net-zero carbon emissions. As at 31 December 2022, Signature had pumped over 17 million gallons of SAF globally since the inception of the programme.

2022 accomplishments include:

- Expanding the availability of physical SAF supply from ten locations to seventeen.
- Supporting the NBAA with physical SAF in Orlando, Florida.
- Completing a Book & Claim customer commitments purchase agreement for 2023 with multiple customers for 7.5 million gallons of B&C credits.

In 2023, Signature's goal is to maintain our industry leadership by increasing our physical supply through long-term supply agreements.

All Underground Storage Tanks (UST) will 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 the Group and the solar initiative continued throughout 2022.

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

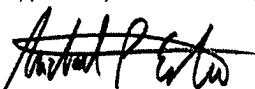
The Group's Code of Business Ethics, Policy on Anti-Bribery, Gifts and Entertainment, Competition Law Policy, and Disclosure of Unethical Conduct Policy amongst other company policies, are reviewed and updated as necessary. Following the acquisition of TAC Air, all TAC Air employees were required to complete acknowledgements of Signature's suite of ethics and compliance policies. All new TAC Air General Managers were provided with targeted training that included ethics and legal matters. The annual Ethics & Compliance training was completed by nearly 900 employees in 2022. Maintaining a high standard of ethical conduct is imperative to 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 stays informed.

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

Approved by the Board and signed on its behalf by:



**Michael Eshoo**  
Director

31 March 2023



## The Board

### Board of Directors

The current Board of Directors of 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 Holdco LP, which is the highest entity within the new Group structure, all major decisions of Signature Aviation Limited are ultimately directed by, and highly coordinated with, the Board of the topmost company in the Group, Signature Aviation US Holdco LP.

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 2022 the following matters were reviewed:

- Financial performance of the Group;
- Budget;
- Capex projects;
- 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 and the Compensation and HR 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, including the oversight of climate risk and related disclosures.

During 2022, the Audit and Risk Committee had four scheduled meetings, generally coinciding with key dates in the financial reporting and audit cycle.

### Compensation and HR Committee

The Compensation and HR Committee at the Signature Aviation US Holdco LP level has met regularly to address compensation and people issues arising within the Group. Other Directors attended Compensation and HR Committee meetings by invitation.

The Committee also had oversight of 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 2022.

### Future developments and events after the balance sheet date

We are not aware at this time of any events after the balance sheet date as stipulated under section 414C(11) of the Companies Act 2006. Refer to the Strategic Report for future outlook and developments.

### Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: \$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 Leffevre

Shawn Fallon (resigned 15 September 2022)

Michael Eshoo (appointed 15 September 2022)

Maria Garton

### 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 Group 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 Group.

All companies within the Group strive to always operate fairly 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 and the Group

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 2022, we continued to provide an online training course to assist all employees in identifying and reporting any concerns about third party human trafficking (through our bases and their wider airports) to the appropriate authorities. We also review 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	2022	2021
Electricity consumption MWh	87,165	95,670
GHG emissions CO <sub>2</sub> e(t)/\$m revenue	24.68	30.26
Revenue (Total Group) \$m	3,532	2,285
Global energy use MWh <sup>1</sup>	249,775	264,196
UK proportion of global energy use <sup>1</sup>	0.7%	1.6%

<sup>1</sup> 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 2022, EPA Emission Factors for Greenhouse Gas Inventories 2022 and EPA Emissions & Generation Resource Integrated Database eGRID2021.

Beginning in reporting year 2022, Signature is utilising the "dual reporting" approach outlined in the SECR reporting guidelines. The dual reporting approach reflects a reduced Scope 2 emission figure based on the 2023 purchase of Energy Attribute Credits (Renewable Energy Credits (RECs), International Renewable Energy Credits (I-RECs), Guarantees of Origin (GoO)) and Green Tariffs for 100% of Signature's 2022 Scope 2 emissions, labelled as "Market-based Scope 2." This will be reported alongside "Location-based Scope 2," which reflects Scope 2 emissions prior to the consideration of contractual arrangements for renewable energy. Prior years had no contractual arrangements for renewable energy purchase.

The disclosure is made in relation to all entities within the Group, for the year ended 31 December 2022. Our disclosures comply with the Streamlined Energy and Carbon Reporting (SECR) requirements.

Scope	Activity Type	2022 tCO <sub>2</sub> e	2021 tCO <sub>2</sub> e
Scope 1	Natural Gas	22,988	24,865
	Diesel	5,983	5,830
	Automotive gasoline	2,127	1,992
	Jet A Fuel	–	5
	Fuel Oil	3	–
Scope 1 - Total		31,101	32,692
Scope 2	Scope 2 - Location based	33,610	36,462
Scope 2	Scope 2 - Market based	–	36,462
Scope 1 + 2	Location based	64,711	69,154
Scope 1 + 2	Market based	31,101	69,154

### Focus areas to improve energy efficiency during 2022

Consistent with 2021, focus areas for 2022 include transitioning to LED lighting, incorporating low-flow fixtures, installation of lighting and heating sensors, 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.

Furthermore, in 2022, we purchased green tariffs for EGE and also conducted an energy efficiency audit at EGE in order to use that location as an energy efficiency test facility.

While we plan to continue pursuing the same strategies, 2023 will also feature the purchase of Renewable Energy Credits (RECs) and offsets for 2022 energy and emissions.

### 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 23.

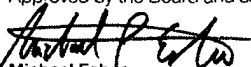
### Disclosure of information to auditor

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:

  
Michael Eshoo  
Director

31 March 2023

## 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:

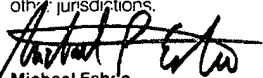
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Group'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 Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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.



Michael Eshco

Director

31 March 2023



## Independent Auditor's Report

To the members of Signature Aviation Limited

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### Report on the audit of the financial statements

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#### Opinion

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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 2022 and of the Group's profit for the year 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 the parent company; and
- the Group's related notes 1 to 29; and
- the parent company's related notes 1 to 15.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including 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](http://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, legal counsel and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

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 UK Companies Act, pensions legislation, tax legislation; 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 acquired intangible assets; specifically around the forecast earnings before interest, tax, depreciation and amortisation (EBITDA) growth rate and the discount rate applied. We evaluated the design and implementation of the key controls used by management in the recognition of acquired intangibles; we challenged and assessed the reasonableness of the assumptions in the projected cash flows; we engaged with our valuation specialists to challenge the methodology and assumptions within the intangible asset identification and valuation with a focus on the discount rate; and we detailed tested the accuracy and completeness of the underlying data used in the projected cash flow analysis and key input calculations.

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 parent 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  
31 March 2023

Strategic Report

Directors' Report

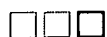
Financial Statements

## Consolidated Income Statement

		2022			2021		
		Underlying <sup>1</sup> \$m	Exceptional and other items <sup>2</sup> \$m	Total \$m	Underlying <sup>1</sup> \$m	Exceptional and other items <sup>2</sup> \$m	Total \$m
For the year ended 31 December							
<b>Continuing operations</b>							
Revenue	1	3,531.9	–	3,531.9	2,285.4	–	2,285.4
Cost of sales		(2,844.8)	–	(2,844.8)	(1,776.0)	–	(1,776.0)
<b>Gross profit</b>		<b>687.1</b>	<b>–</b>	<b>687.1</b>	<b>509.4</b>	<b>–</b>	<b>509.4</b>
Distribution costs		(6.6)	–	(6.6)	(5.2)	–	(5.2)
Administrative expenses	2	(179.6)	(82.6)	(262.2)	(145.8)	(72.0)	(217.8)
Other operating income		1.1	–	1.1	3.3	–	3.3
Share of profit of associates and joint ventures	9	2.1	–	2.1	2.8	–	2.8
Other operating expenses		0.9	(23.3)	(22.4)	(3.2)	(2.3)	(5.5)
Restructuring costs	2	–	–	–	–	(0.1)	(0.1)
<b>Operating profit/(loss)</b>		<b>505.0</b>	<b>(105.9)</b>	<b>399.1</b>	<b>361.3</b>	<b>(74.4)</b>	<b>286.9</b>
Impairment of assets	6	–	–	–	–	(22.5)	(22.5)
Gain on remeasurement of investment in associates and joint ventures	2	–	–	–	–	1.1	1.1
Disposal of businesses	2	–	(8.9)	(8.9)	–	–	–
Transaction costs	2	–	(2.0)	(2.0)	–	(76.0)	(76.0)
Investment income	3	3.4	–	3.4	2.7	34.2	36.9
Finance costs	3	(191.1)	–	(191.1)	(126.0)	(39.0)	(165.0)
<b>Profit/(loss) before tax</b>		<b>317.3</b>	<b>(116.8)</b>	<b>200.5</b>	<b>238.0</b>	<b>(176.6)</b>	<b>61.4</b>
Income tax (charge)/credit	4	(62.1)	25.0	(37.1)	(57.7)	38.9	(18.8)
<b>Profit/(loss) from continuing operations</b>		<b>255.2</b>	<b>(91.8)</b>	<b>163.4</b>	<b>180.3</b>	<b>(137.7)</b>	<b>42.6</b>
<b>Discontinued operations</b>							
Profit/(loss) from ERO discontinued operations, net of tax	24	–	–	–	18.3	(37.0)	(18.7)
<b>Profit/(loss) for the year/period</b>		<b>255.2</b>	<b>(91.8)</b>	<b>163.4</b>	<b>198.6</b>	<b>(174.7)</b>	<b>23.9</b>
<b>Attributable to:</b>							
Equity holders of Signature Aviation Limited		254.9	(91.8)	163.1	198.3	(174.7)	23.6
Non-controlling interest		0.3	–	0.3	0.3	–	0.3
		255.2	(91.8)	163.4	198.6	(174.7)	23.9

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 29.



## Consolidated Statement of Comprehensive Income

For the year ended 31 December	Notes	2022 \$m	2021 \$m
<b>Profit for the year</b>		<b>163.4</b>	<b>23.9</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gains/(losses) on defined benefit pension schemes	17	11.1	(25.7)
Tax (charge)/credit relating to components of other comprehensive loss that will not be reclassified subsequently to profit or loss	4	(1.6)	6.5
		<b>9.5</b>	<b>(19.2)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange difference on translation of foreign operations	19	(3.3)	(0.7)
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)
Transfer to profit or loss from other comprehensive income on foreign exchange cash flow hedges	15, 19	–	0.1
Fair value movements in interest rate cash flow hedges	15, 19	112.2	–
Transfer to profit or loss from other comprehensive income on interest rate cash flow hedges	15, 19	15.0	–
Tax charge on items that may be reclassified subsequently to profit or loss	4	(32.0)	–
		<b>91.9</b>	<b>4.2</b>
<b>Other comprehensive income/(loss)</b>		<b>101.4</b>	<b>(15.0)</b>
<b>Total comprehensive income for the year</b>		<b>264.8</b>	<b>8.9</b>
<b>Attributable to:</b>			
Equity holders of Signature Aviation Limited		264.5	8.6
Non-controlling interests		0.3	0.3
		<b>264.8</b>	<b>8.9</b>

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## Consolidated Balance Sheet

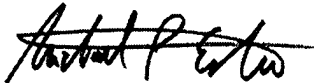
As at 31 December	Notes	2022 \$m	2021 \$m (restated <sup>1</sup> )
<b>Non-current assets</b>			
Goodwill	6	1,606.1	1,174.6
Other intangible assets	6	1,451.0	1,043.1
Property, plant and equipment	7	1,214.1	804.7
Right of use assets	8	1,269.3	1,126.3
Interests in associates and joint ventures	9	11.6	13.4
Trade and other receivables	11	167.4	59.2
Deferred tax asset	18	29.0	30.1
		5,748.5	4,251.4
<b>Current assets</b>			
Inventories	10	101.6	64.3
Trade and other receivables	11	378.7	228.5
Cash and cash equivalents	11	350.6	266.7
Tax recoverable		-	0.4
Assets held for sale	24	3.0	-
		833.9	559.9
<b>Total assets</b>		<b>6,582.4</b>	<b>4,811.3</b>
<b>Current liabilities</b>			
Trade and other payables	12	(346.2)	(277.1)
Tax liabilities	18	(43.2)	(16.5)
Lease liabilities	13	(26.7)	(47.6)
Borrowings	14	(25.2)	(14.3)
Provisions	16	(28.8)	(33.4)
Liabilities held for sale	24	(0.3)	-
		(470.4)	(388.9)
<b>Net current assets</b>		<b>363.5</b>	<b>171.0</b>
<b>Non-current liabilities</b>			
Borrowings	14	(2,497.6)	(1,455.0)
Lease liabilities	13	(1,385.5)	(1,193.2)
Trade and other payables due after one year	12	(2.9)	(0.1)
Pensions and other post-retirement benefits	17	(40.7)	(55.5)
Deferred tax liabilities	18	(306.4)	(98.9)
Provisions	16	(16.9)	(22.5)
		(4,250.0)	(2,825.2)
<b>Total liabilities</b>		<b>(4,720.4)</b>	<b>(3,214.1)</b>
<b>Net assets</b>		<b>1,862.0</b>	<b>1,597.2</b>
<b>Equity</b>			
Share capital	19	510.5	510.5
Share premium account	19	1,594.5	1,594.5
Other reserve	19	(10.5)	(10.5)
Treasury reserve	19	(100.6)	(100.6)
Capital reserve	19	32.9	32.9
Hedging and translation reserves	19	23.6	(68.3)
Retained earnings	19	(189.5)	(362.1)
<b>Equity attributable to equity holders of Signature Aviation Limited</b>		<b>1,860.9</b>	<b>1,596.4</b>
Non-controlling interest		1.1	0.8
<b>Total equity</b>		<b>1,862.0</b>	<b>1,597.2</b>

1 Refer to note 11 for details of the prior year restatement.

These financial statements were approved by the Board of Directors on 31 March 2023 and signed on its behalf by:

**Tony Lefebvre**  
Chief Executive Officer

**Michael Eshoo**  
Chief Financial Officer



## Consolidated Cash Flow Statement

For the year ended 31 December	Notes	2022 \$m	2021 \$m
<b>Operating activities</b>			
<b>Net cash flow from operating activities</b>	21	506.3	331.4
<b>Investing activities</b>			
Interest received		2.1	34.9
Interest received on sublease assets		1.4	1.5
Receipt of capital element of sublease assets		3.1	2.9
Dividends received from joint ventures and associates	9	0.6	3.2
Purchase of property, plant and equipment		(163.3)	(82.6)
Purchase of intangible assets		(4.2)	(6.9)
Proceeds from disposal of property, plant and equipment		1.4	1.2
Acquisition of businesses, net of cash acquired	23	(1,273.5)	-
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 <sup>1</sup>	24	225.4	95.7
<b>Net cash outflow from investing activities</b>		(1,207.0)	(278.7)
<b>Financing activities</b>			
Interest paid		(88.2)	(71.4)
Interest paid on lease liabilities		(86.9)	(77.4)
Outflows from realised foreign exchange contracts		(6.0)	(2.9)
Proceeds from issue of ordinary shares net of issue costs		-	5.5
Purchase of own shares <sup>2</sup>		-	(11.0)
Increase in loans payable	22	1,044.8	295.0
Increase in loans to related parties		(28.7)	(11.1)
Payment of lease liabilities		(51.2)	(91.1)
<b>Net cash inflow from financing activities</b>		783.8	35.6
Increase in cash and cash equivalents		83.1	88.3
Cash and cash equivalents at beginning of year		266.7	171.1
Exchange adjustments on cash and cash equivalents		0.8	7.3
<b>Cash and cash equivalents at end of year</b>	11	350.6	266.7

<sup>1</sup> In addition to the disposal of ERO during 2021, the Group also received \$6.3 million from the repayment of a promissory note from GAMA Aviation (see note 24).

<sup>2</sup> 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.

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## Consolidated Statement of Changes in Equity

	Notes	Share capital \$m	Share premium \$m	Retained earnings \$m	Treasury, Capital, Hedging & Translation and Other reserves \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
<b>Balance at 1 January 2021</b>		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)
<b>Total comprehensive income for the year</b>		–	–	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)	–	–	–
<b>Balance at 31 December 2021</b>		510.5	1,594.5	(362.1)	(146.5)	1,596.4	0.8	1,597.2
Profit for the year		–	–	163.1	–	163.1	0.3	163.4
Other comprehensive income for the year		–	–	9.5	91.9	101.4	–	101.4
<b>Total comprehensive income for the year</b>		–	–	172.6	91.9	264.5	0.3	264.8
<b>Balance at 31 December 2022</b>		510.5	1,594.5	(189.5)	(54.6)	1,860.9	1.1	1,862.0



## 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 2022 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.

### Software as a service ('SaaS') arrangements

In 2021, the Group 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, the Group 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.

### 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 2021, the Phase II of the Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 became 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.

In 2022, the Group has undertaken cash flow interest rate hedges as a part of its Interest rate risk management policy which exposes the Group to US Dollar LIBOR and SOFR TERM 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 effective for current financial period

At the date of the Annual Report, the following standards and interpretations were mandatorily effective for the period beginning on or after 1 January 2022 and were adopted by the Group. Their adoption has not had any material impact on the disclosures or amounts reported in these financial statements. These are:

- Amendments to IFRS 3 Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use.
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle – To four standards: IFRS1 First time adoption of IFRS, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture.

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 1 Non-current Liabilities with Covenants – applicable for annual periods beginning 1 January 2024 (not yet endorsed by UK).
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback – applicable for annual periods beginning 1 January 2024 (not yet endorsed by UK).
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – applicable for annual periods beginning 1 January 2024 (not yet endorsed by UK).
- Amendments to IAS 1 and IFRS Practice Statement 2 – applicable for annual periods beginning 1 January 2024 (not yet endorsed by UK).
- Amendments to IAS 8 Definition of Accounting Estimates – applicable for annual periods beginning 1 January 2023 (not yet endorsed by UK).
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – applicable for annual periods beginning 1 January 2023 (not yet endorsed by UK).



### Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, Signature Aviation Limited (a private company limited by shares and registered in the United Kingdom), 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.

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 2022, the Group's committed secured debt facilities comprise a \$1,379.8 million Term Loan B, due to expire in June 2028, a \$1,097.3 million Term Loan B 2, due to expire in July 2029 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 \$400 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 2022 a LC for \$23.1 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 take into 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, and at least for a period of 12 months from the signing of these financial statements. 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 2023 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 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 2023 and continuing throughout 2024. 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.



## Accounting Policies of the Group continued

### 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 Consolidated Income Statement. Acquisition-related costs are recognised in the Consolidated 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 Consolidated 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 Consolidated Income Statement in the period in which the entity is eventually disposed of.

All other translation differences are taken to the Consolidated 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. The Group has applied the practical expedient to exclude short-term and low value leases from the scope of IFRS 16.

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 in the prior year 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.

#### 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 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 to a customer. The transfer of control of fuel usually coincides with the title passing to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point of sale; the amounts of revenue recognised relating to performance obligations satisfied over time are not significant. The payment for the performance is primarily due and paid at the point of sale with larger commercial customers are billed to agreed terms.

Property management revenue is recognised over a period of time based on the performance obligations of the contract as services are generally performed evenly and payment is performed at the point of service or billed in advance.

Ground handling and Technical service revenue are recognised at a point in time upon satisfaction of the performance obligation in the contract. The transfer of control of service usually coincides with the customer requesting and accepting the service. The Group principally satisfies its performance obligations at a point of service; the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

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



## Accounting Policies of the Group continued

### 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 Consolidated 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).

### Exceptional items

In order to ensure comparability between the Group's results year on year, the Directors present certain items separately in exceptional items, so that the reader of the accounts can better understand the underlying performance of the business. The decision to present an item as exceptional is a judgement of the Directors and is served for items of an unusual or non-recurring nature that is outside of the ordinary course of business, or of such significant size that they would materially distort the results of any particular period. The Group uses these adjusted measures to evaluate performance.

The Directors consider it appropriate to continually present certain items such as amortisation of intangible assets and the mark to market of derivatives as an exceptional item in each period as they are non-cash charges/credits, the value of which can vary considerably from period to period depending on the amount of acquisition/hedging activity undertaken by the Group, and which are distinct from underlying business performance. Referred to note 7 for further detail.

### 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 29.

### 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. Licences and contracts are amortised over the length of the underlying lease.

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. The cost of software is amortized on a straight-line basis over five years.

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 Consolidated 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 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 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 Consolidated 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.

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 hedging and translation 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 Consolidated 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 Consolidated Income Statement as they arise.



## Accounting Policies of the Group continued

### Derivative financial instruments and hedge accounting continued

Cash flow hedges are undertaken as part of the Group's policy for managing interest rate risk. Changes in value of cash flow hedges are recognised in other comprehensive income and accumulated in the hedging reserve. They remain in equity until the forecasted transaction occurs, when it is then reclassified to profit or loss through interest expense. Any ineffectiveness on cash flow hedges is recognised immediately in the Consolidated 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 Consolidated 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 cash flow hedge. Any difference between the proceeds, net of transaction costs, and the amount due on settlement is recognised in the Consolidated 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 Consolidated 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

In prior year, the Group operated a number of cash and equity-settled share-based compensation plans. The fair value of the compensation was recognised in the Consolidated Income Statement as an expense. The total amount to be expensed over the vesting period was 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 included Black-Scholes calculations and Monte Carlo simulations. For cash-settled options, the fair value of the option was revisited at each balance sheet date. For both cash and equity-settled options, the Group revised its estimates of the number of options that were 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 Consolidated 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.



## Accounting Policies of the Group continued

### 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.

### Key sources of estimation uncertainty - impairment of goodwill

The Group has determined the recoverable amount of its aggregated cash generating units (CGUs) from value-in-use calculation. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the aggregated CGUs and to determine a suitable discount rate in order to calculate the present value.

At 31 December 2022 the key areas of estimation uncertainty relate to the Directors' assessment of the long-term growth rate and the discount rate. Refer to note 6 for further detail, including sensitivity analysis of the key estimations.

### Critical judgements – identification of intangibles assets in a business combination

For each acquisition, under IFRS 3 Business Combinations, the acquirer must allocate the consideration paid to all identifiable assets acquired and liabilities assumed as at the date of the acquisition at fair value. The difference between the total consideration transferred and the identifiable net assets acquired is treated as goodwill. IAS 38 specifies the criteria for recognising intangible assets separately from goodwill if for these intangible assets:

- It is probable economic benefits will flow from them and that the fair value of the assets can be measured reliably measured;
- They arise from contractual or legal rights; and
- They are separable.

The Directors concluded that the following intangible assets have been identified as arising from the acquisitions made during the period:

- Trade names.
- Right to operate.
- Customer relationships.

Critical judgements applied in the valuations of the Right to Operate and intangibles included the determination of the primary intangible asset and its relevant valuations methodology, discount rates, growth rates and assumptions on contractual cash flows and contract expirations. In the prior year, a critical judgement was applied in the recognition of a Customer Relationship intangible, which was included to reflect the unique position that Signature has created by building up a strong network of contracted customers relationships. Additionally, it was determined that there was no intangible in relation to non-contractual customers as their loyalty is not guaranteed and is heavily dependent on pricing and other market factors.

As detailed in the Risk management section of the Annual Report, climate change has been identified as a principal risk and we are actively responding to the risk through a host of initiatives which are detailed in the Risk section of the report. Our global critical accounting judgements are not impacted as the Group's asset replacement programme is being managed in line with equipment reaching end of life and facility optimisation efforts are embedded within ongoing strategic capital development programmes. Furthermore, no impending impairment of Book and Claim credits has been identified.



## Notes to the Consolidated Financial Statements

### 1. Revenue

Geographical segments	Revenue by destination \$m	Revenue by origin \$m
<b>2022</b>		
United Kingdom	8.7	164.7
Mainland Europe	234.4	80.7
North America	3,216.8	3,279.3
Rest of World	72.0	7.2
<b>Total from continuing operations</b>	<b>3,531.9</b>	<b>3,531.9</b>
	Revenue by destination \$m	Revenue by origin \$m
<b>2021</b>		
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
<b>Total from continuing and discontinued operations</b>	<b>2,531.2</b>	<b>2,531.2</b>
Less ERO discontinued operations <sup>1</sup>	(245.8)	(245.8)
<b>Total from continuing operations</b>	<b>2,285.4</b>	<b>2,285.4</b>

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

	Revenue from sale of goods		Revenue from services	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Signature	2,780.5	1,712.3	751.4	573.1
Discontinued operations	–	15.8	–	230.0
<b>Total from continuing and discontinued operations</b>	<b>2,780.5</b>	<b>1,728.1</b>	<b>751.4</b>	<b>803.1</b>
Less ERO discontinued operations <sup>1</sup>	–	(15.8)	–	(230.0)
<b>Total from continuing operations</b>	<b>2,780.5</b>	<b>1,712.3</b>	<b>751.4</b>	<b>573.1</b>

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

A portion of the Group's 2021 revenue from the sale of goods denominated in foreign currencies was cash flow hedged. Revenue from the sale of goods in 2021 of \$1,728.1 million included a loss of \$0.1 million in respect of the recycling of the effective amount of foreign currency derivatives used to hedge foreign currency revenue. There were no such foreign currency cash flow hedges in 2022.



## 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 Consolidated 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 29.

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 2022 \$m	Other operating expenses 2022 \$m	Restructuring costs 2022 \$m	Total 2022 \$m	Administrative expenses 2021 \$m	Other operating expenses 2021 \$m	Restructuring costs 2021 \$m	Total 2021 \$m
<b>Restructuring expenses</b>									
Central costs rationalisation		-	-	-	-	-	-	0.1	0.1
<b>Other</b>									
Operating amounts related to previously disposed businesses		-	2.7	-	2.7	-	2.3	-	2.3
<b>Acquisition-related</b>									
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3		82.6	-	-	82.6	72.0	-	-	72.0
Acquisition costs		-	20.6	-	20.6	-	-	-	-
<b>Operating loss on continuing operations</b>		82.6	23.3	-	105.9	72.0	2.3	0.1	74.4
Impairment loss	6	-	-	-	-	-	-	-	22.5
Gain on remeasurement of investment in associates and joint ventures		-	-	-	-	-	-	-	(1.1)
Non-operating amounts related to previously disposed businesses		-	-	-	7.4	-	-	-	-
Loss on disposal of investment in joint venture		-	-	-	1.5	-	-	-	-
Transaction costs		-	-	-	2.0	-	-	-	76.0
Investment income	3	-	-	-	-	-	-	-	(34.2)
Financing costs	3	-	-	-	-	-	-	-	39.0
<b>Loss before tax on continuing operations</b>		-	-	-	116.8	-	-	-	176.6
Tax credit on exceptional and other items		-	-	-	(25.0)	-	-	-	(38.9)
<b>Loss for the year on continuing operations, net of tax</b>		-	-	-	91.8	-	-	-	137.7
Loss from ERO discontinued operations, net of tax		-	-	-	-	-	-	-	37.0
<b>Total exceptional and other items, net of tax</b>		-	-	-	91.8	-	-	-	174.7

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**2. Profit for the year continued****Exceptional and other items continued**

Net free cash flow from exceptional items was an outflow of \$29.3 million (2021: outflow of \$3.3 million). Net cash flow from other items was \$nil (2021: \$nil). Net cash flow from exceptional items including completed disposals was an outflow of \$3.5 million (2021: inflow of \$34.3 million).

In 2022, the loss on disposal of investment in joint venture of \$1.5 million relates to the Group's stake in Jacksonville Jetport LLC. The \$7.4 million in non-operating amounts for businesses previously disposed relate to consideration price adjustments attributed to such transactions.

In 2021, 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. 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 2021 year.

The Group incurred \$2.0 million (2021: \$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.

In 2021, 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 \$113.8 million US senior notes. The exceptional finance costs relate to the write-off of capitalised issue costs for the partial redemption of the \$113.8 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.

	2022 \$m	2021 \$m
<b>Other</b>		
Expenses relating to variable lease payments not included in the measurement of lease liabilities	5.9	12.6
Net foreign exchange gain	21.1	0.2
Depreciation of property, plant and equipment	86.7	70.5
Depreciation of right of use assets	83.4	83.2
Amortisation of intangible assets (included in administrative expenses)	87.5	77.5
<b>Total depreciation and amortisation expense</b>	<b>257.6</b>	<b>231.2</b>
Total employee costs from continuing operations (note 5)	401.7	336.4
Cost of inventories recognised as an expense within cost of sales	2,078.4	1,304.5

**The analysis of auditor's remuneration is as follows:**

	2022 \$m	2021 \$m
Fees payable to the Company's auditor for the audit of the Group's annual accounts	1.2	1.0
The audit of the Company's subsidiaries pursuant to legislation	0.9	1.0
<b>Total audit fees</b>	<b>2.1</b>	<b>2.0</b>
Tax advisory and audit-related assurance services	2.5	1.8
<b>Total fees payable to the Company's auditor</b>	<b>4.6</b>	<b>3.8</b>

**3. Investment income and finance costs**

	2022 \$m	2021 \$m
Interest on bank deposits	2.0	1.2
Interest on sublease assets	1.4	1.5
<b>Underlying investment income</b>	<b>3.4</b>	<b>2.7</b>
Exceptional interest income (note 2)	-	34.2
<b>Total investment income</b>	<b>3.4</b>	<b>36.9</b>
Total investment income from continuing operations	3.4	36.9
Interest on bank loans and overdrafts	(8.4)	(9.3)
Interest on Term Loan B	(98.1)	(21.3)
Interest on US senior notes	(4.2)	(25.5)
Interest on lease liabilities	(86.9)	(77.4)
Net finance expense from pension schemes	(1.1)	(0.8)
Other finance costs	(0.1)	(1.4)
<b>Total borrowing costs</b>	<b>(198.8)</b>	<b>(135.7)</b>
Less amounts included in the cost of qualifying assets	3.3	3.0
Fair value gains on interest rate swaps designated as fair value hedges	4.4	4.7
<b>Underlying finance costs</b>	<b>(191.1)</b>	<b>(128.0)</b>
Exceptional finance costs (note 2)	-	(39.0)
<b>Total finance costs</b>	<b>(191.1)</b>	<b>(167.0)</b>



## Notes to the Consolidated Financial Statements continued

### 3. Investment income and finance costs continued

	2022 \$m	2021 \$m
<b>Total finance costs</b>	<b>(191.1)</b>	<b>(167.0)</b>
Finance costs from ERO discontinued operations	–	(2.0)
Finance costs from continuing operations	(191.1)	(165.0)
<b>Net underlying finance costs</b>	<b>(187.7)</b>	<b>(125.3)</b>
Net exceptional finance costs	–	(4.8)
<b>Net finance costs</b>	<b>(187.7)</b>	<b>(130.1)</b>
Net finance costs from ERO discontinued operations	–	(2.0)
Net finance costs from continuing operations	(187.7)	(128.1)

Finance costs from discontinued operations include \$nil (2021: \$1.7 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% (2021: 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 \$0.2 million (2021: \$0.3 million increase in deferred tax liability).

### 4. Income tax

	2022 \$m	2021 \$m
<b>Recognised in the Income Statement</b>		
Current tax expense	104.0	19.0
Adjustments in respect of prior years – current tax	(18.5)	(0.1)
Current tax	85.5	18.9
Origination and reversal of temporary differences	(47.1)	7.0
Adjustments in respect of prior years – deferred tax	(1.3)	0.3
Deferred tax (note 18)	(48.4)	7.3
<b>Income tax expense for the year from continuing and discontinued operations</b>	<b>37.1</b>	<b>26.2</b>
Less: ERO discontinued operations	–	(7.4)
<b>Income tax expense for the year from continuing operations</b>	<b>37.1</b>	<b>18.8</b>

UK income tax is calculated at 19.0% (2021: 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 expense to the year ended 31 December 2022 includes a tax credit of \$25.0 million (2021: \$38.9 million credit) relating to exceptional and other items.

**4. Income tax** continued

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

	2022 \$m	2021 \$m
<b>Profit before tax on continuing operations</b>	<b>200.5</b>	<b>61.4</b>
Tax at the rates prevailing in the relevant tax jurisdictions 25.8% (2021: 26.0%)	51.7	16.0
Tax effect of expenses that are not deductible in determining taxable profit	5.4	1.4
Items on which deferred tax has not been recognised	(0.7)	0.7
Tax rate changes	(1.8)	(3.0)
Difference in tax rates on overseas earnings	2.3	3.4
Decrease in provision for uncertain tax positions	(18.1)	–
Adjustments in respect of prior years	(1.7)	0.3
<b>Tax charge for the year on continuing operations</b>	<b>37.1</b>	<b>18.8</b>

The applicable tax rate of 25.8% (2021: 26.0%) 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:

	2022 \$m	2021 \$m
<b>Recognised in other comprehensive income</b>		
<b>Tax on items that will not be reclassified subsequently to profit or loss</b>		
Deferred tax (charge)/credit on actuarial gains	(1.6)	6.5
	(1.6)	6.5
<b>Tax on items that may be reclassified subsequently to profit or loss</b>		
Deferred tax credit on foreign exchange movements	2.1	–
Deferred tax charge on derivative instruments	(34.1)	–
	(32.0)	–
<b>Total tax (charge)/credit within other comprehensive income</b>	<b>(33.6)</b>	<b>6.5</b>

	2022 \$m	2021 \$m
<b>Recognised in equity</b>		
Deferred tax charge on share-based payments movements	–	(3.3)
<b>Total tax charge within equity</b>	<b>–</b>	<b>(3.3)</b>
<b>Total tax (charge)/credit within other comprehensive income and equity</b>	<b>(33.6)</b>	<b>3.2</b>



## Notes to the Consolidated Financial Statements continued

### 5. Employees

Average monthly number (including Executive Directors)	2022 number	2021 number
<b>By segment</b>		
Signature	5,428	4,625
Discontinued operations <sup>1</sup>	–	561
<b>Total employment numbers by segment from continuing and discontinued operations</b>	<b>5,428</b>	<b>5,186</b>
<b>By region</b>		
United Kingdom	368	448
Mainland Europe	272	225
North America	4,773	4,483
Rest of World	15	30
<b>Total average employees by region from continuing and discontinued operations</b>	<b>5,428</b>	<b>5,186</b>
Total average employees from continuing operations	5,428	4,625
Total average employees from ERO discontinued operations <sup>1</sup>	–	561

	2022 \$m	2021 \$m
<b>Employment costs</b>		
Wages and salaries <sup>2</sup>	366.2	350.4
Social security costs	25.1	24.9
Pension costs (note 17)	10.4	10.5
<b>Total employment costs from continuing and discontinued operations</b>	<b>401.7</b>	<b>385.8</b>
Total employment costs from continuing operations	401.7	336.4
Total employment costs from ERO discontinued operations	–	49.4

<sup>1</sup> In the prior year the average employees for ERO is calculated for the period up to 1 July 2021.

<sup>2</sup> Wages and salaries for 2021: \$6.5 million CARES funding received from the US Treasury Department (see note 25). There was no funding during 2022.

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

	2022		2021	
	Total \$m	Highest paid Director \$m	Total \$m	Highest paid Director \$m
Aggregate remuneration	5.3	2.4	4.9	1.8
Share-based payments	–	–	5.9	3.9
Post-employment benefits	–	–	0.2	0.1
<b>Total</b>	<b>5.3</b>	<b>2.4</b>	<b>11.0</b>	<b>5.8</b>

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

In the year ended 31 December 2022 \$0.2 million was paid as a result of Directors' end of employment (2021: \$3.5 million).

Company contributions to money purchase pension schemes of \$0.3 million (2021: \$0.2 million) was paid in the year. All of the serving Directors in the year 2022 and 2021 are accruing benefits in respect of these pension schemes.

There were no loans made to a Director in the year ended 31 December 2022 (2021: \$nil).

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## 6. Intangible assets

	Goodwill 2022 \$m	Licences and contracts 2022 \$m	Computer software 2022 \$m	Total 2022 \$m	Goodwill 2021 \$m	Licences and contracts 2021 \$m	Computer software 2021 \$m	Total 2021 \$m
<b>Cost</b>								
Beginning of year (restated <sup>1</sup> )	1,174.6	1,519.9	59.4	2,753.9	1,124.0	1,322.8	54.1	2,500.9
Exchange adjustments	(11.1)	(5.8)	(0.1)	(17.0)	(4.6)	(2.3)	–	(6.9)
Acquisition of businesses (note 23)	456.5	494.7	–	951.2	55.2	228.1	0.1	283.4
Additions	–	–	4.4	4.4	–	–	6.9	6.9
Impairments and write downs	–	–	–	–	–	(28.7)	(2.5)	(31.2)
Disposals	(13.9)	–	–	(13.9)	–	–	–	–
Transfers from other asset categories	–	–	(0.6)	(0.6)	–	–	0.8	0.8
<b>End of year</b>	<b>1,606.1</b>	<b>2,008.8</b>	<b>63.1</b>	<b>3,678.0</b>	<b>1,174.6</b>	<b>1,519.9</b>	<b>59.4</b>	<b>2,753.9</b>
<b>Accumulated amortisation and impairment</b>								
Beginning of year (restated <sup>1</sup> )	–	(500.8)	(35.4)	(536.2)	–	(436.9)	(31.7)	(468.6)
Exchange adjustments	–	2.7	0.1	2.8	–	1.0	–	1.0
Amortisation charge for the year	–	(82.9)	(4.6)	(87.5)	–	(72.3)	(5.2)	(77.5)
Impairments and write downs	–	–	–	–	–	7.4	1.5	8.9
<b>End of year</b>	<b>–</b>	<b>(581.0)</b>	<b>(39.9)</b>	<b>(620.9)</b>	<b>–</b>	<b>(500.8)</b>	<b>(35.4)</b>	<b>(536.2)</b>
<b>Carrying amount</b>								
<b>End of year</b>	<b>1,606.1</b>	<b>1,427.8</b>	<b>23.2</b>	<b>3,057.1</b>	<b>1,174.6</b>	<b>1,019.1</b>	<b>24.0</b>	<b>2,217.7</b>
Beginning of year	1,174.6	1,019.1	24.0	2,217.7	1,124.0	885.9	22.4	2,032.3

1 In the prior 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.

Included within the amortisation charge for intangible assets of \$87.5 million (2021: \$77.5 million) is amortisation of \$82.8 million (2021: \$72.3 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 17 years (2021: 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 (2021: five years). The cumulative impairment at 31 December 2022 was \$22.3 million (2021: \$22.3 million).

The impairment loss relates to the write-off of right to operate intangibles of FBOs closed by the Group in prior years. No impairment losses have been recognised in the current year.

### 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:

	2022 \$m	2021 \$m
Signature	1,606.1	1,174.6
<b>Total goodwill</b>	<b>1,606.1</b>	<b>1,174.6</b>

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 its aggregated 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 four years, as approved by management, with a terminal growth rate after four years. The resultant cash flows are discounted using a post-tax discount rate.

## 6. Intangible assets continued



## Notes to the Consolidated Financial Statements 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 average 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 1.8% (2021: 1.7%) has been used for Signature which reflects forecast long-term US GDP growth.

#### Discount rates applied to future cash flows

The Group's post-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 7.5% (pre-tax discount rate 9.8%).

#### Sensitivity analysis

The impairment assessment performed by the Directors did not demonstrate an impairment of goodwill at year end, with a headroom of calculated value in use over the carrying value of the relevant assets of the aggregated CGUs of \$1.2 billion.

However, Directors have conducted an analysis of the sensitivity that changes to the key sources of estimation, being the discount rate and the long-term growth rate, would have to that value in use and related headroom. It is noted that an increase of 0.9% in the discount rate would result in an impairment of \$40.0 million headroom, holding all other assumptions constant. Also, a decrease of 1.2% of the long-term growth rate would result in an impairment \$73.5 million, holding all other assumptions constant. The Directors do not believe that these outcomes are the most likely case, however as there is a reasonably possible change in the key assumption that would result in an impairment to goodwill this sensitivity has been included in the financial statements.



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**7. Property, plant and equipment**

	Land and buildings 2022 \$m	Fixtures and equipment 2022 \$m	Total 2022 \$m	Land and buildings 2021 \$m	Fixtures and equipment 2021 \$m	Total 2021 \$m
<b>Cost or valuation</b>						
Beginning of year	1,295.3	171.9	1,467.2	1,186.9	145.9	1,332.8
Exchange adjustments	(9.1)	(3.9)	(13.0)	(1.4)	(0.9)	(2.3)
Acquisition of businesses (note 23)	329.6	11.8	341.4	60.8	2.7	63.5
Additions <sup>c</sup>	74.6	89.6	164.2	61.9	23.2	85.1
Disposals	(1.8)	(1.6)	(3.4)	(0.2)	(3.0)	(3.2)
Asset write downs	(3.3)	(1.4)	(4.7)	(5.4)	(1.9)	(7.3)
Transfers (to)/from other asset categories	(27.3)	27.4	0.1	(7.3)	5.9	(1.4)
<b>End of year</b>	<b>1,658.0</b>	<b>293.8</b>	<b>1,951.8</b>	<b>1,295.3</b>	<b>171.9</b>	<b>1,467.2</b>
<b>Accumulated depreciation and impairment</b>						
Beginning of year	(557.5)	(105.0)	(662.5)	(506.6)	(94.1)	(600.7)
Exchange adjustments	3.3	2.2	5.5	0.7	0.6	1.3
Depreciation charge for the year	(68.1)	(18.6)	(86.7)	(57.9)	(12.6)	(70.5)
Disposals	-	1.5	1.5	-	2.4	2.4
Asset write downs	2.8	1.2	4.0	2.6	1.7	4.3
Transfers to other asset categories	-	0.5	0.5	3.7	(3.0)	0.7
<b>End of year</b>	<b>(619.5)</b>	<b>(118.2)</b>	<b>(737.7)</b>	<b>(557.5)</b>	<b>(105.0)</b>	<b>(662.5)</b>
<b>Carrying amount</b>						
<b>End of year</b>	<b>1,038.5</b>	<b>175.6</b>	<b>1,214.1</b>	<b>737.8</b>	<b>66.9</b>	<b>804.7</b>
Beginning of year	737.8	66.9	804.7	680.3	51.8	732.1

	2022 \$m	2021 \$m
<b>Capital commitments</b>		
Capital expenditure contracted for but not provided for continuing and discontinued operations	306.9	107.0
Capital expenditure contracted for but not provided for continuing operations	306.9	107.0

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.



## 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 102 years (2021: 103 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 2022 \$m	Fixtures and equipment 2022 \$m	Total 2022 \$m	Land and buildings 2021 \$m	Fixtures and equipment 2021 \$m	Total 2021 \$m
Cost or valuation						
Beginning of year	1,240.8	64.3	1,305.1	1,087.6	55.2	1,142.8
Exchange adjustments	(8.8)	(0.1)	(8.9)	(2.2)	–	(2.2)
Acquisition of businesses (note 23)	77.9	–	77.9	11.3	–	11.3
Additions	96.5	8.6	105.1	125.8	15.1	140.9
Lease changes <sup>1</sup>	70.9	(20.0)	50.9	39.6	(0.3)	39.3
Asset write downs	–	–	–	(10.4)	–	(10.4)
Expired leases	(37.3)	(12.8)	(50.1)	(10.9)	(5.7)	(16.6)
<b>End of year</b>	<b>1,440.0</b>	<b>40.0</b>	<b>1,480.0</b>	<b>1,240.8</b>	<b>64.3</b>	<b>1,305.1</b>
Accumulated depreciation and impairment						
Beginning of year	(158.9)	(19.9)	(178.8)	(100.2)	(15.3)	(115.5)
Depreciation charge for the year	(76.8)	(6.6)	(83.4)	(72.9)	(10.3)	(83.2)
Exchange adjustments	1.3	0.1	1.4	0.8	–	0.8
Expired leases	37.3	12.8	50.1	10.9	5.7	16.6
Asset write downs	–	–	–	2.5	–	2.5
<b>End of year</b>	<b>(197.1)</b>	<b>(13.6)</b>	<b>(210.7)</b>	<b>(158.9)</b>	<b>(19.9)</b>	<b>(178.8)</b>
Carrying amount						
<b>End of year</b>	<b>1,242.9</b>	<b>26.4</b>	<b>1,269.3</b>	<b>1,081.9</b>	<b>44.4</b>	<b>1,126.3</b>
Beginning of year	1,081.9	44.4	1,126.3	987.4	39.9	1,027.3

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

### 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	
				2022	2021
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 <sup>1</sup>	Associate	Aviation	United States	–	–
Aviation Occupational Safety, LLC	Associate	Aviation	United States	35%	35%
Jacksonville Jetport LLC <sup>2</sup>	Joint venture	Aviation	United States	–	50%
Signature Canada FBO Services, Inc	Joint venture	Aviation	United States	75%	75%
GB Aviation Holdings LLC	Joint venture	Aviation	United States	50%	50%
FBOASE, LLC	Joint venture	Aviation	United States	53%	53%

<sup>1</sup> 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.

<sup>2</sup> On 1 April 2022 the Group divested its stake in Jacksonville Jetport LLC (see note 24).

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 2022 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.

	2022 \$m	2021 \$m
<b>Summary of results</b>		
<b>Associates</b>		
Group's share of profits of associates	1.3	1.7
Less: Dividends received	(0.4)	(2.2)
	0.9	(0.5)
<b>Joint ventures</b>		
Group's share of profits of joint ventures	0.8	1.1
Less: Dividends received	(0.2)	(1.0)
	0.6	0.1
<b>Total</b>		
Group's share of profits of associates and joint ventures	2.1	2.8
Less: Dividends received	(0.6)	(3.2)
<b>Total</b>	1.5	(0.4)

**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 <sup>1</sup>		Signature STT LCC <sup>2</sup>	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Associates</b>						
<b>Summarised balance sheet</b>						
Current assets	30.0	26.5	194.9	75.3	-	-
Non-current assets	95.1	97.6	-	-	-	-
Total assets	125.1	124.1	194.9	75.3	-	-
Current liabilities	(9.8)	(12.3)	(203.9)	(77.1)	-	-
Non-current liabilities	(73.2)	(72.8)	-	-	-	-
Total liabilities	(83.0)	(85.1)	(203.9)	(77.1)	-	-
<b>Net assets/(liabilities)</b>	42.1	39.0	(9.0)	(1.8)	-	-
Group's share of ownership	10%	10%	50%	50%	-	-
<b>Group's share of net assets/(liabilities)</b>	4.2	3.9	(4.5)	(0.9)	-	-
Net assets/(liabilities) attributable to other interests	37.9	35.1	(4.5)	(0.9)	-	-
<b>Summarised income statement</b>						
Revenue	32.2	25.3	1,228.6	641.2	-	9.2
<b>Profit for the year</b>	7.1	3.6	2.6	2.0	-	1.8
Investment						
Opening carrying value of investment	4.2	5.0	1.3	0.9	-	12.4
Initial cost working capital true-up	-	-	-	-	-	(0.9)
Disposal	-	-	-	-	-	(9.1)
Transfers on disposal	-	-	-	-	-	(2.3)
<b>Group's share of profit for the year</b>	0.7	0.4	0.6	0.4	-	0.9
Dividend received from the associate during the year	(0.4)	(1.2)	-	-	-	(1.0)
<b>Closing carrying value of investment</b>	4.5	4.2	1.9	1.3	-	-

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

<sup>2</sup> 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 <sup>1</sup>		Signature Canada FBO Services, Inc	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Joint ventures</b>				
<b>Summarised balance sheet</b>				
Current assets	–	5.6	3.1	3.7
Non-current assets	–	6.7	2.7	2.9
<b>Total assets</b>	–	12.3	5.8	6.6
Current liabilities	–	(2.7)	(0.9)	(2.2)
Non-current liabilities	–	(2.3)	(0.6)	(0.6)
<b>Total liabilities</b>	–	(5.0)	(1.5)	(2.8)
<b>Net assets</b>	–	7.3	4.3	3.8
Group's share of ownership	–	50%	75%	75%
<b>Group's share of net assets</b>	–	3.7	3.2	2.9
Net assets attributable to other interests	–	3.6	1.1	0.9
<b>Summarised income statement</b>				
Revenue	4.1	24.4	9.8	5.0
<b>Profit for the year</b>	0.4	4.0	0.9	0.2
<b>Investment</b>				
Opening carrying value of investment	3.1	3.2	4.8	4.6
Disposal of investment	(3.0)	–	–	–
Exchange adjustments	–	–	(0.3)	–
<b>Group's share of profit for the year</b>	0.1	0.9	0.7	0.2
Dividend received from the joint venture during the year	(0.2)	(1.0)	–	–
<b>Closing carrying value of investment</b>	–	3.1	5.2	4.8

<sup>1</sup> On 1 April 2022 the Group disposed of its investment in Jacksonville Jetport LLC (see note 24). Prior to disposal the Group was entitled to profits based on a tiered break-up of profits. In the current year this equated to 35% of profits (2021: 23%).

	2022 \$m	2021 \$m
<b>Summary of investments</b>		
<b>Associates</b>		
Cost of investment in associates	–	–
Share of associates' post acquisition profits, net of dividends received	6.4	5.5
	6.4	5.5
<b>Joint ventures</b>		
Cost of investment in joint ventures	3.0	4.2
Share of joint ventures' post acquisition profits, net of dividends received	2.2	3.7
	5.2	7.9
<b>Total</b>	11.6	13.4

### 10. Inventories

	2022 \$m	2021 \$m
Work in progress	7.3	4.0
Finished goods	94.3	60.3
	101.6	64.3

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**11. Other financial assets**

	Note	2022 \$m	2021 \$m (restated <sup>1</sup> )
<b>Trade and other receivables</b>			
Trade receivables		216.8	154.0
Other receivables		53.3	25.0
Taxes and social security receivable		12.0	9.3
Accrued income		20.0	17.4
Prepayments		22.6	19.4
Lease related receivables		3.3	3.1
Derivative financial instruments	15	50.7	0.3
<b>Current trade and other receivables</b>		<b>378.7</b>	<b>228.5</b>
<b>Non-current trade and other receivables</b>			
Lease related receivables		15.8	18.9
Trade and other receivables		2.4	4.1
Loans to related parties		67.6	36.1
Derivative financial instruments	15	81.6	-
<b>Non-current trade and other receivables</b>		<b>167.4</b>	<b>59.2</b>
		<b>546.1</b>	<b>287.7</b>

<sup>1</sup> Loans to related parties were previously classified as current assets in terms of the related loan agreements had no fixed terms of repayment. The Directors have revisited this assessment and, because there was no expectation at the prior year-end that these amounts would be repaid within 12 months, this being the Group's normal operating cycle, it has been determined that presentation as non-current assets is more appropriate.

As a result of this, the 31 December 2021 balance sheet has been restated with \$25.1 million being reclassified from current assets to non-current assets. There was no loans due from related parties in the year ended 31 December 2020 and therefore no third balance sheet has been presented.

Income relating to lease related receivables is \$4.5 million (2021: \$4.4 million).

As at 31 December 2022 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 (2021: \$nil).

**Trade receivables**

An expected credit loss reserve has been recognised for estimated irrecoverable amounts from the sale of goods and services of \$8.5 million (2021: \$3.9 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 \$24.1 million (2021: \$19.2 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 95 days (2021: 60 days).

	2022 \$m	2021 \$m
<b>Aging of past due but not included in expected credit loss reserve</b>		
30-60 days	7.9	13.7
60-90 days	3.9	3.0
90-120 days	1.0	0.6
Over 120 days	11.3	1.9
	<b>24.1</b>	<b>19.2</b>



## Notes to the Consolidated Financial Statements continued

### 11. Other financial assets continued

	2022 \$m	2021 \$m
<b>Movement in the expected credit loss reserve</b>		
Beginning of year	(3.9)	(2.9)
Amounts written off as uncollectable	–	0.9
Charged in the year	(3.6)	(1.6)
Acquisition of subsidiary	(0.6)	(0.3)
<b>End of year</b>	<b>(8.1)</b>	<b>(3.9)</b>

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.

	2022 \$m	2021 \$m
<b>Aging of expected credit loss reserve</b>		
30–60 days	0.2	0.2
60–90 days	0.9	1.1
90–120 days	2.5	1.4
Over 120 days	4.5	1.2
	<b>8.1</b>	<b>3.9</b>

	2022 \$m	2021 \$m
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	349.7	97.2
Short-term bank deposits	0.9	169.5
Cash and cash equivalents for continuing operations	350.6	266.7
Cash and cash equivalents in the statement of cash flows	350.6	266.7

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 Consolidated 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**

	2022 \$m	2021 \$m
<b>Amounts due within one year</b>		
Trade payables	143.9	124.2
Other taxation and social security	20.4	21.6
Other payables	34.5	20.6
Accruals	52.2	28.0
Deferred income	73.4	62.8
Rebates	21.8	17.6
Derivative financial instruments	-	2.3
	<b>346.2</b>	<b>277.1</b>
<b>Amounts due after one year</b>		
Trade and other payables	0.2	0.1
Derivative financial instruments	2.7	-
	<b>2.9</b>	<b>0.1</b>
<b>Total trade and other payables</b>	<b>349.1</b>	<b>277.2</b>

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

The increase in Accruals was primarily due to an increase in employee cost accruals (2022: \$28.5 million, 2021: \$15.1 million) and a \$7.4 million accrual related to TAC Energy payables (2021: \$nil). The increase in Deferred income was due to an increase in Deferred rent (2022: \$48.8 million, 2021: \$40.5 million) and Advance deposits (2022: \$13.6 million, 2021: \$11.3 million).

The average age of trade creditors was 18 days (2021: 26 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 102 (2021: 103) years in duration. The majority of the lease liability relates to long-term leases on Signature's FBO network.

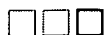
Information in respect of the amounts recognised for right of use assets, including the carrying amount, additions and depreciation, are set out in note 8. A maturity analysis of lease liabilities for continuing operations is set out below:

	Minimum lease payments	
	2022 \$m	2021 \$m
<b>Amounts payable under lease liabilities</b>		
Within 1 year	129.8	125.7
Between 2 and 5 years inclusive	517.1	473.2
Between 6 and 10 years inclusive	594.4	513.4
Between 11 and 20 years inclusive	922.1	767.9
More than 20 years	782.0	663.3
	<b>2,945.4</b>	<b>2,543.5</b>
Less: Future finance charges	(1,533.2)	(1,302.7)
<b>Present value of lease obligations</b>	<b>1,412.2</b>	<b>1,240.8</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(26.7)	(47.6)
<b>Amount due for settlement after 12 months</b>	<b>1,385.5</b>	<b>1,193.2</b>

The average lease term was 17 years (2021: 18 years) for FBO leasehold improvements and five years (2021: six years) for equipment. In 2022 the average effective borrowing rate for the Group was 6.7 % (2021: 6.6%). 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

	2022 \$m	2021 \$m
Expense relating to variable lease payments not included in the measurement of lease liabilities for continuing and discontinued operations	5.9	12.6
Continuing operations	5.9	12.6

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 \$144.0 million (2021: \$180.0 million). Variable lease payments constitute 4.1% (2021: 6.8%) of the total cash outflow.

### 14. Borrowings

	2022 \$m	2021 \$m
Term Loan B	1,348.0	1,356.4
Incremental Term Loan B 2	1,061.8	–
US senior notes	112.8	112.6
Other loans	0.2	0.3
	2,522.8	1,469.3
The borrowings are repayable as follows:		
On demand or within one year	25.2	14.3
In the second year	–	–
In the third to fifth years inclusive	–	–
After five years	2,497.6	1,455.0
	2,522.8	1,469.3
Less: Amount due for settlement within 12 months (shown within current liabilities)	(25.2)	(14.3)
Amount due for settlement after 12 months	2,497.6	1,455.0



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**14. Borrowings** continued

Current year term loans and US senior notes are stated at 31 December 2022 and 2021 after their respective transaction costs and related amortisation.

2022								
Type	Facility amount \$m	Headroom \$m	Principal \$m	Amortisation costs \$m	Fair value adjustment \$m	Drawn \$m	Facility date	Maturity date
Term Loan B	1,379.8	–	1,379.8	(31.8)	–	1,348.0	Jun 2021	Jun 2028
Incremental Term Loan B 2	1,097.3	–	1,097.3	(35.5)	–	1,061.8	July 2022	July 2029
\$650m US senior notes	113.8	–	113.8	(1.0)	–	112.8	Nov 2019	Mar 2028
Total term loans and loan notes	2,590.9	–	2,590.9	(68.3)	–	2,522.6		
Other loans						0.2		
						2,522.8		

2021								
Type	Facility amount \$m	Headroom \$m	Principal \$m	Amortisation costs \$m	Fair value adjustment \$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		

The prior year 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 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.

In 2021, 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 2022 (31 December 2021: \$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 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 realised gain of \$33.7 million.

On 1 July 2022, Signature Aviation secured an incremental loan ("Incremental Term Loan B 2") with the acquisition of Truman Arnold Companies Air (TAC Air). As at the acquisition date, the amount of the Incremental Term Loan B 2 was \$1,100 million with Signature Aviation US Holdings Inc.

The Group's debt facilities are secured facilities with equal ranking with two term loan B loans: Term Loan B is a seven-year loan which matures in June 2028 and the Incremental Term Loan B 2 is a seven-year loan which matures in July 2029.

As at 31 December 2022, the Group accounted for \$1,379.8 million on Term Loan B (31 December 2021: \$1,394.0 million), accounted for at amortised cost. Incremental Term Loan B 2 accounted for \$1,097.3 million (31 December 2021: \$nil), 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 2022, the Group was in full compliance with its covenants.



## Notes to the Consolidated Financial Statements continued

### 14. Borrowings continued

Following the prior year acquisition of Signature Aviation, the total CARES Act promissory note obligations of \$23.7 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
<b>31 December 2022</b>			
Term Loan B	–	1,348.0	1,348.0
Incremental Term Loan B 2	–	1,061.8	1,061.8
US senior notes	–	112.8	112.8
Other loans	0.2	–	0.2
	0.2	2,522.6	2,522.6

	Sterling \$m	US Dollar \$m	Total \$m
<b>31 December 2021</b>			
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

The average floating interest rates on borrowings are as follows:

	2022	2021
Sterling	–	–
US dollar	5.2%	3.2%

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. The Group's borrowings are fixed at a weighted average interest rate of 5.2% (2021: 4%) for a weighted average period of seven years (2021: 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:

	2022 Carrying value \$m	2021 Carrying value \$m
<b>Financial assets</b>		
Fair value through profit or loss – foreign exchange contracts <sup>1</sup>	–	0.3
Derivative instruments in cash flow hedges <sup>2</sup>	132.4	–
Financial assets at amortised cost <sup>3,4,5</sup>	586.6	442.6
	<b>719.0</b>	<b>442.9</b>
<b>Financial liabilities</b>		
Fair value through profit or loss – foreign exchange contracts <sup>1</sup>	–	(2.3)
Derivative instruments held in cash flow hedges <sup>2</sup>	(2.7)	–
Financial liabilities at amortised cost <sup>4,6</sup>	(4,103.6)	(2,843.6)
	<b>(4,106.3)</b>	<b>(2,845.9)</b>

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 cash flow hedges are designated in formal hedging relationships and are used to hedge the change in interest rates.

3 Recoveries from third parties in respect of environmental and other liabilities totalling \$2.3 million (2021: \$4.5 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

	2022		2021	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
<b>Cash flow hedges</b>				
Interest rate swaps	2,323.1	132.4	–	–
<b>Derivatives not in a formal hedge relationship</b>				
Foreign exchange forward contracts	–	–	47.0	0.3
	2,323.1	132.4	47.0	0.3

#### Derivative financial liabilities measured at fair value

	2022		2021	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
<b>Cash flow hedges</b>				
Interest rate swaps	2,323.1	(2.7)	–	–
<b>Derivatives not in a formal hedge relationship</b>				
Foreign exchange forward contracts	–	–	(4.1)	(2.3)
	2,323.1	(2.7)	(4.1)	(2.3)

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 \$0.6 million (2021: \$nil) in the fair value measurement of Foreign Exchange forward contracts these were terminated during the year.

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**15. Financial instruments continued**

The maturity of derivative financial instruments is as follows:

	2022		2021	
	Asset fair value \$m	Liability fair value \$m	Asset fair value \$m	Liability fair value \$m
<b>Current</b>				
Less than one year	50.8	–	0.3	(2.3)
<b>Total current</b>	50.8	–	0.3	(2.3)
<b>Non-current</b>				
One to two years	–	–	–	–
Two to three years	–	–	–	–
Three to four years	–	–	–	–
Four to five years	81.6	(2.7)	–	–
<b>Total non-current</b>	81.6	(2.7)	–	–
	132.4	(2.7)	0.3	(2.3)

**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:

	2022			2021		
	US dollar \$m	Sterling \$m	Total \$m	US dollar \$m	Sterling \$m	Total \$m
BBA Aviation Insurances Limited	0.3	0.7	1.0	0.3	0.8	1.1
BBA Aviation Insurances (Vermont) Inc	–	–	–	–	–	–
<b>Total</b>	0.3	0.7	1.0	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 Consolidated 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.

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.

2022			
Hedged item	US Dollar \$m	Euros \$m	Total \$m
Forecast sales (post policy margin)	-	-	-
Forecast purchases (post policy margin)	-	-	-
Net foreign exchange transaction cash flow exposure	-	-	-
Hedging instrument – foreign exchange derivative contracts	-	-	-
<b>Net asset position excluding inter-company debt post hedging effect</b>	-	-	-

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	-	-	-
<b>Net asset position excluding inter-company debt post hedging effect</b>	0.6	(1.3)	(0.7)

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

2022						
	Current year hedging gains/(losses) recognised in other comprehensive income \$m	Amount of hedge ineffectiveness recognised in the Income Statement \$m	Line item in Income Statement in which hedge ineffectiveness is included \$m	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur \$m	Amount reclassified to Income Statement due to hedged item affecting Income Statement \$m	Line item in Income Statement in which reclassification adjustment is included \$m
<b>Foreign exchange contracts</b>						
US dollars	-	-	-	-	-	-

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

The fair value gain/(loss) of currency derivatives that are designated and effective as cash flow hedges amounting to a \$nil (2021: \$0.2 million loss) has been recognised in other comprehensive income. A loss of \$nil (2021: loss of \$0.1 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 closed out any remaining foreign exchange contracts around 31 December 2021.



## Notes to the Consolidated Financial Statements continued

### 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 Consolidated 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 Consolidated Balance Sheet as long as the hedge is effective. Any ineffectiveness is recognised in the Consolidated 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 2022, the majority of the Group's net borrowings were denominated in US Dollars as set out below:

	2022				
	US Dollar \$m	Euro \$m	Sterling \$m	Other \$m	Total \$m
Cash and cash equivalents	290.1	19.9	25.2	15.4	350.6
Borrowings	(2,522.6)	–	(0.2)	–	(2,522.8)
Leases	(1,290.2)	(14.3)	(86.6)	(21.1)	(1,412.2)
	(3,522.7)	5.6	(61.6)	(5.7)	(3,584.4)

	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)

#### (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. As of the end of 2022, the Term Loan B and the Incremental Term Loan B 2 had been fully hedged with the exclusion of the required principal payments.

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 year, 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.



**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 and Incremental Term Loan B 2 debt that matures in July 2029. The interest rate benchmark in this credit agreement is linked to USD LIBOR interest rates and TERM SOFR 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 USD LIBOR interest rates and secure over night term rates per IBOR reform.

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 USD LIBOR or Term SOFR 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 USD 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. The Group has considered the impact of interest rate benchmark reform ('IBOR reform') on its hedge accounting. The Group has adopted the 'Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7' issued in September 2019. Adopting these amendments provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The Group has a significant exposure to changes in the USD LIBOR benchmark. At 31 December 2022 the Group has term loans of \$1.8 billion being hedged with 10 interest rate swaps, which are indexed to USD LIBOR. The interest rate swaps are designated in a cash flow hedge relationship hedging these USD LIBOR term loans. Separately, the Group has term loans of \$1.0 billion being hedged with 5 interest rate swaps, which are indexed to USD SOFR. The interest rate swaps are designated in a cash flow hedge relationship hedging these USD-SOFR term loans. Therefore, the USD SOFR hedges will not be subject to impacts from IBOR reform and the impacts are limited to the USD LIBOR hedges.

In assessing whether the hedges currently on USD LIBOR are expected to be highly effective on a forward-looking basis, the Group has assumed that the USD-LIBOR interest rate on which the cash flows of its interest rate swaps and its hedged floating rate loans are based are not altered by IBOR reform.

The Group anticipates that USD LIBOR will transition to USD SOFR by 30 June 2023 and has considered an IBOR transition plan. This transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of its USD LIBOR referenced floating-rate swap(s) and updating its hedge designation(s) in 2023. Given there are currently no mismatches in the reference rate between the term loans and interest rate swaps for the year ended 31 December 2022, no ineffectiveness is recorded related IBOR reform.



## Notes to the Consolidated Financial Statements continued

### 15. Financial instruments continued

As stated on page 22 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 USD 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:

	2022		
	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	-	(112.8)	(106.7)
<b>Total fixed interest rate (adjusted for interest rate hedging)</b>	-	(112.8)	(106.7)
Floating interest rate	350.6	-	-
Term Loan B	-	(1,379.8)	(1,379.8)
Incremental Term Loan B 2	-	(1,097.3)	(1,097.3)
<b>Total interest-bearing assets/(liabilities) within borrowings</b>	<b>350.6</b>	<b>(2,589.9)</b>	<b>(2,583.8)</b>

	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)
<b>Total fixed interest rate (adjusted for interest rate hedging)</b>	-	(112.6)	(112.3)
Floating interest rate	266.7	(1,356.7)	(1,356.7)
<b>Total interest-bearing assets/(liabilities) within borrowings</b>	<b>266.7</b>	<b>(1,469.3)</b>	<b>(1,469.0)</b>

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

The Group does not currently have any outstanding foreign exchange cash flow 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.

Derivatives designated in cash  
flow hedging relationships

2022

	Carrying amount \$m	Change in fair value in period for calculating ineffectiveness (hedging instrument) \$m	Cash settlements in the period (hedging instrument) \$m	Change in fair value in period for calculating ineffectiveness (hedged item) \$m	Cash settlements in the period (hedged item) \$m	Hedge ineffectiveness in the period \$m
<b>Interest rate swaps</b>						
USD	129.6	131.6	3.4	128.1	3.4	(1.0)

Derivatives designated in cash flow  
hedging relationships

2021

	Carrying amount \$m	Change in fair value in period for calculating ineffectiveness (hedging instrument) \$m	Cash settlements in the period (hedging instrument) \$m	Change in fair value in period for calculating ineffectiveness (hedged item) \$m	Cash settlements in the period (hedged item) \$m	Hedge ineffectiveness in the period \$m
<b>Interest rate swaps</b>						
USD	-	-	-	-	-	-

Hedging reserves reconciliation

2022

	Opening balance \$m	Change in fair value recorded in OCI \$m	Interest expense \$m	Closing balance \$m
<b>Interest rate swaps</b>	-	(130.6)	3.4	(127.2)
USD	-	(130.6)	3.4	(127.2)

Hedging reserves reconciliation

2021

	Opening balance \$m	Change in fair value recorded in OCI \$m	Interest expense \$m	Closing balance \$m
<b>Interest rate swaps</b>	-	-	-	-
USD	-	-	-	-



## Notes to the Consolidated Financial Statements continued

### 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 2022 and 31 December 2021, 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 Consolidated 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.

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**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:

2022									
	US senior notes \$m	Term Loan B \$m	Incremental Term Loan B 2 \$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	49.2	52.7	129.8	–	168.6	404.9	(1.4)	403.5
Due between one and two years	4.6	49.2	52.7	133.3	–	–	239.8	0.2	240.0
Due between two and three years	4.6	49.2	52.7	130.1	–	–	236.6	1.6	238.2
Due between three and four years	4.6	49.2	52.7	127.8	–	–	234.3	1.6	235.9
Due between four and five years	4.6	49.2	52.7	125.9	–	–	232.4	0.2	232.6
Due in more than five years	114.6	1,324.0	1,084.0	2,298.5	0.2	–	4,821.3	–	4,821.3
<b>Total</b>	<b>137.6</b>	<b>1,570.0</b>	<b>1,347.5</b>	<b>2,945.4</b>	<b>0.2</b>	<b>168.6</b>	<b>6,169.3</b>	<b>2.2</b>	<b>6,171.5</b>
2021									
	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	
<b>Total</b>	<b>142.2</b>	<b>1,669.8</b>	<b>2,543.5</b>	<b>0.3</b>	<b>133.5</b>	<b>4,344.4</b>	<b>2.5</b>	<b>4,346.9</b>	

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

	2022		2021	
	Payable \$m	Receivable \$m	Payable \$m	Receivable \$m
Due within one year	(59.2)	112.9	(406.1)	403.9
Due between one and two years	(59.7)	98.4	–	–
Due between two and three years	(59.3)	81.3	–	–
Due between three and four years	(59.2)	80.8	–	–
Due between four and five years	(13.6)	17.5	–	–
Due in more than five years	–	–	–	–
<b>Total</b>	<b>(251.0)</b>	<b>390.9</b>	<b>(406.1)</b>	<b>403.9</b>



## Notes to the Consolidated Financial Statements continued

### 15. Financial instruments continued

#### Sensitivity analysis as at 31 December 2022

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 interest rate risk and foreign exchange risk are all constant and on the basis of hedge designations in place at 31 December 2022 and 2021 respectively. As a consequence, this sensitivity analysis relates to the position at year end.

The following assumptions were made in calculating the sensitivity analysis:

- cash flow 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 Group 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.

	2022		2021	
	Income Statement \$m	Other comprehensive income \$m	Income Statement \$m	Other comprehensive income \$m
£/\$ FX rates – £ strengthens 10%	(17.2)	–	–	(2.0)
£/\$ FX rates – £ weakens 10%	17.2	–	–	2.7
Interest rates +1.00%	–	6.2	(12.4)	–
Interest rates –1.00%	–	4.2	(0.1)	–

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.

Derivatives		2022			
	Base unit	Reasonable possible change in variable	Impact on fair value of carrying amount \$m	Impact on Other comprehensive income \$m	Impact on Income Statement \$m
Interest rate swaps	bps	100	77.8	(77.3)	(0.5)
	bps	(100)	(75.8)	74.8	1.0

Derivatives		2021			
	Base unit	Reasonable possible change in variable	Impact on fair value of carrying amount \$m	Impact on Other comprehensive income \$m	Impact on Income Statement \$m
Interest rate swaps	bps	–	–	–	–
	bps	–	–	–	–

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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	Unwind \$m	Released in year \$m	End of year \$m
31 December 2022									
Insurance	20.4	-	-	-	8.1	(9.6)	-	-	18.9
Discontinued operations	10.4	0.5	-	-	2.5	(1.9)	-	(1.6)	9.9
Environmental	9.5	(0.1)	0.4	(1.4)	4.7	(1.9)	-	(7.4)	3.8
Other	15.6	(0.2)	-	3.6	1.5	(6.1)	-	(1.3)	13.1
	55.9	0.2	0.4	2.2	16.8	(19.5)	-	(10.3)	45.7

	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	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

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 (2021: 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 \$9.9 million (2021: \$10.4 million) is partially offset by expected recoveries from third parties of \$3.1 million (2021: \$4.5 million), which are included within trade and other receivables due after one year of \$2.8 million (2021: \$4.0 million) and trade and other receivables due within one year of \$0.3 million (2021: \$0.5 million) in note 11. The liabilities have an expected life of up to 50 years (2021: 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 (2021: ten years).

Other provisions relate to trading matters and include liabilities for indirect taxes, employment matters and property dilapidation provisions from prior year acquisitions including EPIC and IAM Jet Center. The expected life of other trading matters is up to ten years (2021: ten years).

Analysed as:	2022 \$m	2021 \$m
Current liabilities	28.8	33.4
Non-current liabilities	16.9	22.5
	45.7	55.9



## Notes to the Consolidated Financial Statements continued

### 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 \$11.3 million (2021: \$10.5 million) of which \$9.0 million (2021: \$7.1 million) was in respect of schemes outside of the United Kingdom. This includes \$8.1 million (2021: \$7.8 million) relating to defined contribution schemes. 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. This exercise completed in early 2021.

As part of the acquisition of the Group occurring last 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 a payment of \$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 contributions dated 29 June 2021 (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 Group 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 2022 the value of the buy-in is \$263.6 million.

The US Minimum Funding actuarial valuation for the BBA retirement plan as at 1 January 2022 indicated the plan was fully funded (2021: deficit of \$1.4 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 2023.

The split of the defined benefit obligation at 31 December 2022 is approximately 30% in respect of deferred members and 70% in respect of pensioner members. The weighted average duration of the IPP's liabilities is approximately 11 years.

Over 2022 there have been significant movements in UK gilt markets. In particular the 'mini budget' announced by the UK government on 23 September 2022 caused rapid sales of government bonds which further depressed gilt markets. Although a temporary intervention by the Bank of England and subsequent policy changes have stabilised the market, gilt yields remain significantly higher than they were prior to the mini budget. This has resulted in a significant decrease in the value of the IPP pension assets, and also its liabilities.

The IPP adopts a collateral framework with the objective of meeting liquidity requirements, even in times of market stress. However, the scale and speed of the increase in UK gilt yield expectations since the 'mini budget', and volatility within the markets, resulted in the Group deciding to put in place a loan facility to the IPP in October 2022. The purpose of this facility was to further enhance the IPP's resilience in the event of unexpected substantial further rises in UK gilt yields. \$42million was drawn against the facility on 13 October 2022 and was fully repaid by the IPP on 10 November 2022. This facility remained in place until 31 December 2022 and no further funds were drawn.



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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 2022. The following weighted average financial assumptions have been adopted:

	United Kingdom		North America	
	2022	2021	2022	2021
Per annum (%)				
Discount rate	4.80	1.85	4.97	2.65
Price inflation	3.15	3.35	2.40	2.10
Rate of increase to pensions in payment	2.90	3.25	2.40	2.10

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 2022 are as follows:

	2022		2021	
	Male	Female	Male	Female
Life expectancy for a current 65-year-old (years)	21.6	23.6	21.6	23.6
Life expectancy for a 65-year-old in 15 years (years)	21.9	24.7	21.8	24.6

For the US post-retirement medical plan, the immediate trend rate for medical benefits was 6.0% 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Assets</b>						
Equities	37.3	131.5	6.8	10.9	44.1	142.4
Government bonds <sup>1</sup>	89.7	103.1	5.8	6.3	95.5	109.4
Corporate bonds	32.9	58.7	11.1	13.9	44.0	72.6
Property	9.0	12.9	2.3	3.0	11.3	15.9
Insurance policies	263.6	406.8	–	–	263.6	406.8
Cash	4.0	34.3	1.6	2.4	5.6	36.7
<b>Total fair value of scheme assets</b>	<b>436.5</b>	<b>747.3</b>	<b>27.6</b>	<b>36.5</b>	<b>464.1</b>	<b>783.8</b>

<sup>1</sup> Included within Government bonds are derivative securities with a fair value of \$19.6 million liability as at 31 December 2022 (2021: \$8.4 million asset).



## Notes to the Consolidated Financial Statements continued

### 17. Pensions and other post-retirement benefits continued

For the IPP, at 31 December 2022, a total of \$346.8 million of assets were not quoted on an active investment market (comprising \$37.3 million equities, \$32.9 million corporate bonds, \$9.0 million property, \$263.6 million of insurance policies and \$4.0 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Present value of defined benefit obligations</b>	(405.4)	(678.1)	(40.1)	(43.4)	(445.5)	(721.5)
<b>Assets less obligation</b>	31.1	69.2	(12.5)	(15.3)	18.6	53.9
<b>Restrictions of net defined benefit asset due to effect of the asset ceiling</b>	(59.3)	(109.4)	-	-	(59.3)	(109.4)
<b>Net liability recognised on the balance sheet</b>	(28.2)	(40.2)	(12.5)	(15.3)	(40.7)	(55.5)

	United Kingdom		North America		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Changes to the effect of the asset ceiling during the year</b>						
Effect of the asset ceiling at the beginning of the year	(109.4)	(49.6)	-	-	(109.4)	(49.6)
Interest on the asset ceiling	(1.9)	(0.6)	-	-	(1.9)	(0.6)
Change in the effect of the asset ceiling, excluding interest	41.6	(61.3)	-	-	41.6	(61.3)
Exchange rate gain	10.4	2.1	-	-	10.4	2.1
<b>Effect of the asset ceiling at the end of the year</b>	(59.3)	(109.4)	-	-	(59.3)	(109.4)

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 \$31.1 million (2021: \$69.2 million) and an additional balance sheet liability in respect of a 'minimum funding requirement' of \$28.2 million (2021: \$40.2 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 plans' 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 (2021: \$1.5 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Analysis of Income Statement charge</b>						
Net interest on the net defined benefit liability	0.7	0.4	0.4	0.3	1.1	0.7
Administration expenses	1.5	2.0	0.6	0.7	2.1	2.7
<b>Expense recognised in Income Statement</b>	2.2	2.4	1.0	1.0	3.2	3.4

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**17. Pensions and other post-retirement benefits continued**

	United Kingdom		North America		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Changes to the present value of the defined benefit obligation during the year</b>						
Defined benefit obligation at beginning of year	678.1	752.9	51.7	55.6	729.8	808.5
Interest cost	11.2	9.2	1.3	1.1	12.5	10.3
Actuarial gains due to change in financial assumptions	(197.2)	(24.3)	(9.2)	(2.0)	(206.4)	(26.3)
Actuarial (gains)/losses due to change in demographic assumptions	(7.6)	(3.2)	–	0.4	(7.6)	(2.8)
Experience losses/(gains) on scheme liabilities	17.6	(4.8)	(0.5)	–	17.1	(4.8)
Net benefits paid out	(31.4)	(42.1)	(3.2)	(3.4)	(34.6)	(45.5)
Foreign currency exchange rate changes	(65.3)	(9.6)	–	–	(65.3)	(9.6)
<b>Defined benefit obligation at end of year</b>	<b>405.4</b>	<b>678.1</b>	<b>40.1</b>	<b>51.7</b>	<b>445.5</b>	<b>729.8</b>
	United Kingdom		North America		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
<b>Changes to the fair value of scheme assets during the year</b>						
Fair value of scheme assets at beginning of year	747.3	769.3	36.5	36.5	783.8	805.8
Interest income on scheme assets	12.4	9.4	0.9	0.8	13.3	10.2
Actual employer contributions	6.0	24.9	0.8	0.9	6.8	25.8
Net benefits paid out	(31.4)	(42.1)	(3.2)	(3.4)	(34.6)	(45.5)
Actuarial (losses)/gains on assets	(225.0)	(1.7)	(6.8)	2.4	(231.8)	0.7
Actual expenses/taxes and premiums paid	–	–	(0.6)	(0.7)	(0.6)	(0.7)
Administration expenses	(1.5)	(2.0)	–	–	(1.5)	(2.0)
Foreign currency exchange rate changes	(71.3)	(10.5)	–	–	(71.3)	(10.5)
<b>Fair value of plan assets at end of year</b>	<b>436.5</b>	<b>747.3</b>	<b>27.6</b>	<b>36.5</b>	<b>464.1</b>	<b>783.8</b>
<b>Assets less obligation</b>	<b>31.1</b>	<b>69.2</b>	<b>(12.5)</b>	<b>(15.2)</b>	<b>18.6</b>	<b>53.9</b>

Total employer contributions to the IPP over the period were \$6.0 million, including \$4.5 million of deficit contributions and \$1.5 million in regular contributions to meet the plan expenses (including PPF levies).

At 31 December 2022, 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 \$263.6 million (60% of the UK asset holding at 31 December 2022). The value of these annuities has been calculated as being \$3.8 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.



## Notes to the Consolidated Financial Statements continued

### 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Actual return on scheme assets	(212.6)	7.7	(6.0)	3.2	(218.6)	10.9

	United Kingdom		North America		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Analysis of amounts recognised in the Statement of Comprehensive Income						
Liability gains due to changes in financial assumptions	197.2	24.3	9.2	2.0	206.4	26.3
Liability gains/(losses) due to changes in demographic assumptions	7.6	3.2	–	(0.4)	7.6	2.8
Asset (losses)/gains arising during the year	(225.0)	(1.7)	(6.8)	2.3	(231.8)	0.6
Experience (losses)/gains on scheme liabilities	(17.6)	4.8	0.5	–	(17.1)	4.8
Gains/(losses) due to the effect of the asset ceiling	41.6	(61.4)	–	–	41.6	(61.4)
Total gains/(losses) before exchange rate items	3.8	(30.8)	2.9	3.9	6.7	(26.9)
Exchange gains	4.4	1.2	–	–	4.4	1.2
Total gains/(losses) recognised in the Statement of Comprehensive Income	8.2	(29.6)	2.9	3.9	11.1	(25.7)

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 60% 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 \$m	North America \$m	Total \$m
<b>Sensitivity analysis of the principal assumptions used to measure plan defined benefit obligations</b>			
Increase of 0.25% in discount rate	(11.0)	(0.8)	(11.8)
Decrease of 0.25% in discount rate	11.5	0.9	12.4
Increase of 0.25% in inflation	7.4	0.1	7.5
Decrease of 0.25% in inflation	(8.1)	(0.1)	(8.2)
Increase of 0.25% in pension increase rate	8.7	0.1	8.8
Decrease of 0.25% in pension increase rate	(5.6)	(0.1)	(5.7)
Increase of one year in life expectancy	15.3	1.4	16.7
Decrease of one year in life expectancy	(12.7)	(2.1)	(14.8)

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 \$m	North America \$m	Total \$m
Employer contributions for 2022 are estimated to be as follows:	6.3	1.0	7.3

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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 2021	(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 <sup>1</sup>	(7.7)	2.3	5.7	–	–	–	0.3
Divestitures <sup>2</sup>	12.8	(1.3)	1.0	–	–	–	12.5
Exchange adjustments	0.2	(0.3)	0.2	(0.1)	–	(0.2)	(0.2)
<b>Balance as at 31 December 2021</b>	<b>(2.3)</b>	<b>43.5</b>	<b>(140.7)</b>	<b>14.5</b>	<b>16.2</b>	<b>–</b>	<b>(68.8)</b>
(Expense)/credit for the year from continuing operations <sup>3</sup>	(7.4)	55.6	(1.5)	2.7	(1.0)	–	48.4
(Expense)/credit to other comprehensive income and equity	–	(34.2)	–	2.2	(1.6)	–	(33.6)
Acquisitions <sup>1</sup>	(53.0)	(49.1)	(119.3)	–	–	–	(221.4)
Divestitures <sup>2</sup>	–	–	–	–	–	–	–
Exchange adjustments	0.6	(0.8)	0.7	(1.3)	(1.2)	–	(2.0)
<b>Balance as at 31 December 2022</b>	<b>(62.1)</b>	<b>15.0</b>	<b>(260.8)</b>	<b>18.1</b>	<b>12.4</b>	<b>–</b>	<b>(277.4)</b>

1 Acquisitions of \$221.4 million (2021: \$0.3 million) includes \$nil (2021: \$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.

2 In the prior year divestitures of \$12.5 million relates to the ERO disposal (see note 24). There is no deferred tax impact from disposals in the current year.

3 Tax credit for the year from continuing operations includes \$49.2 million related to the sale of certain FBOs.

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:

	2022 \$m	2021 \$m
Deferred tax liabilities	(306.4)	(98.9)
Deferred tax assets	29.0	30.1
	<b>(277.4)</b>	<b>(68.8)</b>

At the balance sheet date, the Group has gross temporary differences and tax losses of \$1.1 billion (2021: \$0.9 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 \$45.7 million (2021: \$42.8 million). 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 \$1.8 million (2021: \$2.6 million) deferred tax benefit.



## Notes to the Consolidated Financial Statements continued

### 19. Share capital and reserves

	Allotted, called up and fully paid	
	2022 millions	2021 millions
Share capital		
<b>Number of shares</b>		
Ordinary 37 <sup>17</sup> / <sub>64</sub> p shares (2021: 37 <sup>17</sup> / <sub>64</sub> p shares)		
At the start of the year	839.2	839.7
Issued during the year	-	10.4
Cancellation of treasury shares	-	(10.9)
At the end of the year	839.2	839.2
5% cumulative preference £1 shares at the start and end of the year	0.2	0.2
	2022 \$m	2021 \$m
Nominal value of shares		
<b>Equity shares</b>		
Ordinary 37 <sup>17</sup> / <sub>64</sub> p shares (2021: 37 <sup>17</sup> / <sub>64</sub> p shares)	510.5	510.5
<b>Non-equity shares</b>		
5% cumulative preference £1 shares	0.2	0.2

#### Issue of share capital

During the 2021 year, the Group issued 10.4 million ordinary 37<sup>17</sup>/<sub>64</sub>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.

#### Cancellation of treasury shares

On 3 September 2021, the Company cancelled \$10.9 million ordinary 37<sup>17</sup>/<sub>64</sub>p shares with nominal value of \$5.6 million, thus reducing the issued share capital of the Company.

	2022 \$m	2021 \$m
<b>Reserves attributable to equity interests:</b>		
<b>Share premium account</b>		
Beginning and end of year	1,594.5	1,594.5
<b>Other reserve</b>		
Beginning and end of year	(10.5)	(10.5)
<b>Treasury reserve</b>		
Beginning of year	(100.6)	(96.7)
Purchase of own shares	-	(11.8)
Sale/transfer of own shares	-	0.8
Transfer to retained earnings	-	7.1
End of year	(100.6)	(100.6)
<b>Capital reserve</b>		
Beginning of year	32.9	54.7
Credit to equity for equity-settled share-based payments	-	18.6
Transfer to retained earnings on exercise of equity-settled share-based payments	-	(41.8)
Capital contribution	-	1.4
End of year	32.9	32.9

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**19. Share capital and reserves continued**

	2022 \$m	2021 \$m
<b>Hedging reserve</b>		
Beginning of year	(7.3)	(7.2)
Decrease in fair value of foreign exchange cash flow hedges	-	(0.2)
Transfer fair value relating to foreign exchange cash flow hedges to Income Statement	-	0.1
Increase/(decrease) in fair value of interest rate cash flow hedges	112.2	-
Transfer fair value relating to interest rate cash flow hedges to Income Statement	15.0	-
End of year	119.9	(7.3)
<b>Translation reserve</b>		
Beginning of year	(61.0)	(65.3)
Exchange differences on translation of foreign operations	(35.3)	(0.7)
Recycling of translation exchange differences accumulated in equity upon disposal of subsidiary	-	5.0
End of year	(96.3)	(61.0)
<b>Retained earnings</b>		
Beginning of year	(362.1)	(403.6)
Profit for the year attributable to equity holders of Signature Aviation Limited	163.1	23.6
Actuarial gain/(losses)	11.1	(25.7)
Deferred tax on items taken directly to reserves	(1.6)	3.2
Cancellation of treasury shares	-	5.6
Transfer from capital reserve on exercise of equity-settled share-based payments	-	41.8
Transfer from treasury reserve	-	(7.1)
Change in non-controlling interests	-	0.1
End of year	(189.5)	(362.1)

**Rights of non-equity interests**

5% cumulative preference £1 shares:

- entitled 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 37<sup>17</sup>/<sub>64</sub>p ordinary shares for 2021**The rights of equity interests in 37<sup>17</sup>/<sub>64</sub>p ordinary shares for 2021:

- 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.



## Notes to the Consolidated Financial Statements continued

### 19. Share capital and reserves continued

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

The own shares reserve arises in connection with the Employee Share Ownership Plan (ESOP) trust, a discretionary trust established to facilitate the operation of the Group's long-term incentive scheme for senior management. The amount of the reserve represents the deduction in arriving at net equity for the consideration paid for the Company's shares purchased by the trust which had not vested unconditionally in employees at the reporting date.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

### 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

In the prior year the Group plan provided 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 was generally three years. Share options were forfeited if the employee left the Group before the options vested.

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

	2022		2021	
	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
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,823,408)	222p
Lapsed during the year	-	-	(49,674)	242p
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

#### (ii) Share awards

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

	Number of shares 2021	Number of shares 2021
Outstanding at the beginning of the year	-	9,268,639
Granted during the year	-	2,015,639
Exercised during the year	-	(11,227,316)
Lapsed during the year	-	(56,962)
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>

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

#### (iii) Expense charged to Income Statement

The Group recognised a total expense of \$nil (2021: \$18.6 million) related to equity-settled share-based payment transactions and nothing related to cash-settled share-based payment transactions during the year (2021: \$nil). \$nil (2021: \$16.0 million) 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 29.

	2022 \$m	2021 \$m (restated)
Operating profit	399.1	286.9
Operating profit from ERO discontinued operations	–	26.1
Less: share of profit from associates and joint ventures	(2.1)	(2.8)
Profit from operations	397.0	310.2
Depreciation of property, plant and equipment	86.7	70.5
Depreciation of right of use asset	83.4	83.2
Amortisation of intangible assets	87.5	77.5
Loss/(profit) on sale of property, plant and equipment	0.6	(0.5)
Share-based payment expense	–	2.6
(Decrease)/increase in provisions	(12.7)	(4.1)
Pension scheme payments	(4.7)	(22.6)
Non-cash exceptionals	(11.3)	–
Unrealised foreign exchange movements	20.1	–
Other non-cash items	4.0	2.7
Operating cash inflows before movements in working capital	650.6	519.5
Increase in working capital	(82.0)	(107.1)
Cash generated by operations	568.6	412.4
Net income taxes paid	(62.3)	(22.9)
Transaction costs (acquisition by Bidco)	–	(58.1)
<b>Net cash inflow from operating activities</b>	<b>506.3</b>	<b>331.4</b>
Dividends received from associates and joint ventures	0.6	3.2
Purchase of property, plant and equipment	(163.3)	(82.6)
Purchase of intangible assets	(4.2)	(6.9)
Proceeds from disposal of property, plant and equipment	1.4	1.2
Interest received	2.1	34.9
Interest received on sublease assets	1.4	1.5
Receipt of capital element of sublease assets	3.1	2.9
Interest paid	(88.2)	(71.4)
Transaction costs (acquisition by Bidco)	–	58.1
Interest paid on lease liabilities	(86.9)	(77.4)
Payments of lease liabilities	(51.2)	(91.1)
<b>Free cash flow<sup>1</sup></b>	<b>121.1</b>	<b>103.8</b>

<sup>1</sup> Free cash flow is defined as an APM. All APMs are reconciled to International Financial Reporting Standards (IFRS) measures and explained in note 29.



## Notes to the Consolidated Financial Statements continued

### 22. Analysis of changes in net debt

	At 1 January 2022 \$m	Cash (inflow)/ outflow <sup>1</sup> \$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 2022 \$m
US senior notes	(112.6)	–	–	–	(0.2)	–	–	–	(112.8)
Term loan B	(1,356.4)	(1,044.9)	–	–	(8.5)	–	–	–	(2,409.8)
Other loans	(0.3)	0.1	–	–	–	–	–	–	(0.2)
Arising from financing activities	(1,469.3)	(1,044.8)	–	–	(8.7)	–	–	–	(2,522.8)
Cash and cash equivalents	266.7	68.3	–	0.1	–	15.5	–	–	350.6
Net debt per Balance Sheet excluding lease liabilities <sup>2</sup>	(1,202.6)	(976.5)	–	0.1	(8.7)	15.5	–	–	(2,172.2)
Lease liabilities	(1,240.8)	50.8	–	9.0	–	(77.9)	(153.3)	–	(1,412.2)
Net debt per Balance Sheet including lease liabilities	(2,443.4)	(925.7)	–	9.1	(8.7)	(62.4)	(153.3)	–	(3,584.4)
Net debt classified as held for sale <sup>3</sup>	–	–	–	–	–	–	–	–	–
Adjusted net debt on a cash flow basis <sup>2,4</sup>	(2,443.4)	(925.7)	–	9.1	(8.7)	(62.4)	(153.3)	–	(3,584.4)

	At 1 January 2021 \$m	Cash (inflow)/ outflow <sup>1</sup> \$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 <sup>2</sup>	(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 <sup>2</sup>	(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	(2,183.9)	(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 <sup>3</sup>	(59.1)	4.3	–	–	–	52.7	–	2.1	–
Adjusted net debt on a cash flow basis <sup>2,4</sup>	(2,183.5)	(115.6)	–	8.7	(25.7)	46.6	(173.9)	–	(2,443.4)

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

3 Cash outflows within net debt classified as held for sale for the year ended 31 December 2022 includes \$nil payment of lease liabilities (2021: \$6.0 million).

4 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 1 July 2022, Signature purchased 100% of the issued share capital of Truman Arnold Companies ('TAC'), comprising 17 FBOs, for a total cash consideration of \$1,269.8 million. The headline price for the acquisition was \$1,197.5 million, before working capital and other adjustments. The transaction also included the purchase of the remaining 2/3rd stake in TAC's Dallas FBO for \$52.5 million before working capital adjustments.

In the period since the acquisition of TAC the operations have contributed \$134.1 million to revenue and an operating profit of \$12.6 million.

On 31 July 2022, Signature purchased 100% of the issued share capital of Eastway Aviation Inc and the assets of Eastway Aviation LLC (together: 'Eastway' or 'FOK'), a Charter and MRO business at Westhampton Beach, NY, for a total cash consideration of \$18.9 million. The headline price for the acquisition was \$18.8 million net of working capital and other adjustments.

In the period since the acquisition of Eastway, the operations have contributed \$1.5 million to revenue and an operating profit of \$0.2 million.

If the above acquisitions had occurred on the first day of the financial year, the total revenue and operating profit from this acquisition would have been \$298.2 million and \$22.3 million, respectively.

The primary reason for both of the above acquisitions was to further enhance the reach of the Signature FBO network. The goodwill recognised on both acquisitions broadly represents the expected synergies that will be derived from combining and integrating the operations into the wider Signature business. Acquisition related costs amounted to \$20.6 million (2021: \$2.3 million).

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

	TAC \$m	Eastway \$m	Total 2022 \$m
Intangible assets	483.5	11.2	494.7
Property, plant and equipment	341.4	–	341.4
Right of use assets	77.2	0.7	77.9
Inventory	3.4	–	3.4
Receivables	16.6	0.4	17.0
Net assets held for sale	209.9	2.9	212.8
Cash	15.5	–	15.5
Payables	(28.3)	(0.2)	(28.5)
Lease liabilities	(77.2)	(0.7)	(77.9)
Provisions	(3.6)	–	(3.6)
Deferred tax	(219.6)	(2.9)	(222.5)
Net assets	818.8	11.4	830.2
Goodwill	451.0	7.5	458.5
<b>Total consideration</b>	<b>1,269.8</b>	<b>18.9</b>	<b>1,288.7</b>
Satisfied by:			
Cash consideration	1,269.8	18.9	1,288.7
<b>Net cash consideration</b>	<b>1,269.8</b>	<b>18.9</b>	<b>1,288.7</b>
Net cash flow arising on acquisition:			
Cash consideration	1,269.8	18.9	1,288.7
Cash acquired on acquisition of businesses	15.5	–	15.5
<b>Acquisition of businesses, net of cash acquired</b>	<b>1,254.3</b>	<b>18.9</b>	<b>1,273.2</b>



## Notes to the Consolidated Financial Statements continued

### 23. Acquisition of businesses continued

#### TAC

	Net book value on the opening balance sheet \$m	Fair value adjustments \$m	TAC Total \$m
Intangible assets	29.7	453.8	483.5
Property, plant and equipment	108.5	232.9	341.4
Right of use assets	–	77.2	77.2
Inventory	3.8	(0.4)	3.4
Receivables	15.5	1.1	16.6
Net assets held for sale	18.9	191.0	209.9
Cash	15.5	–	15.5
Payables	(28.9)	0.6	(28.3)
Lease liabilities	–	(77.2)	(77.2)
Provisions	–	(3.6)	(3.6)
Deferred tax	–	(219.6)	(219.6)
<b>Net assets</b>	<b>163.0</b>	<b>655.8</b>	<b>818.8</b>
<b>Goodwill</b>			<b>451.0</b>
<b>Total consideration</b>			<b>1,269.8</b>

#### Eastway

	Net book value on the opening balance sheet \$m	Fair value adjustment \$m	Eastway Total \$m
Intangible assets	–	11.2	11.2
Right of use assets	–	0.7	0.7
Inventories	0.3	(0.3)	–
Receivables	0.6	(0.2)	0.4
Net assets held for sale	0.4	2.5	2.9
Cash	–	–	–
Payables	(0.2)	–	(0.2)
Lease liabilities	–	(0.7)	(0.7)
Deferred tax	–	(2.9)	(2.9)
<b>Net assets</b>	<b>1.1</b>	<b>10.3</b>	<b>11.4</b>
<b>Goodwill</b>			<b>7.5</b>
<b>Total consideration</b>			<b>18.9</b>

#### Prior period 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, for a cash consideration of \$10.7 million.

On 30 November 2021, the Group's Signature business purchased Vail Valley Jet Center ('VVJC'), for a total cash consideration of \$323.1 million. The working capital true up process was finalised during 2022 resulting in an additional cash outflow of \$0.5 million, bringing the total consideration to \$323.6 million. This combined with a \$1.4 million additional purchase price allocation and a \$1.1 million additional deferred tax asset for a net \$2.0 million reduction in goodwill during 2022, bringing total goodwill additions across the Group for the year to \$456.5 million - refer to note 6.

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**24. Disposals and assets and associated liabilities classified as held for sale****FBO disposals**

Under the terms of the regulatory approval in connection with the acquisition of TAC, the Group was required to sell three FBOs at Bradley, Omaha and Raleigh Durham and as such these were classified as held for sale on acquisition. Immediately following the acquisition of TAC these FBOs were sold for an aggregate consideration of \$210.0 million, and cash proceeds of \$209.9 million after adjusting for the impact of working capital. There was no gain or loss recognised on the transaction and no contribution made to the Group revenue or operating profit.

On 1 April 2022 Signature sold its 50% joint venture stake in Jacksonville Jetport LLC to Cecil Field Aviation Partners, LLC for a consideration of \$16.4 million. The net cash receipt after working capital and other costs was \$15.5 million, resulting in a loss on disposal of \$1.4 million.

**Assets and associated liabilities classified as held for sale**

On 31 July 2022, Signature purchased Eastway, a Charter and MRO business at Westhampton Beach, NY, for a total cash consideration of \$18.9 million. Upon acquisition, the Charter business was classified as held for sale and was fair valued at \$2.9 million. The net asset held for sale balance sheet position at year end remained broadly consistent at \$2.7 million, largely representing intangible assets. In the period since acquisition the Charter business has contributed \$0.3 million (2021: \$nil) to operating profit.

**Prior year disposals - ERO divestiture**

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	2022			2021		
		Underlying <sup>1</sup> \$m	Exceptional and other items \$m	Total \$m	Underlying <sup>1</sup> \$m	Exceptional and other items \$m	Total \$m
Revenue	1	-	-	-	245.8	-	245.8
Cost of sales		-	-	-	(200.3)	-	(200.3)
<b>Gross profit</b>		-	-	-	45.5	-	45.5
Distribution costs		-	-	-	(12.8)	-	(12.8)
Administrative expenses		-	-	-	(12.8)	-	(12.8)
Restructuring costs		-	-	-	-	0.2	0.2
<b>Operating profit including Group charges</b>		-	-	-	19.9	0.2	20.1
Elimination of internal Group charges		-	-	-	6.0	-	6.0
<b>Operating profit</b>	1, 2	-	-	-	25.9	0.2	26.1
Transaction costs		-	-	-	-	-	-
Finance costs	3	-	-	-	(2.0)	-	(2.0)
Impairment and other charges on classification as held for sale		-	-	-	-	-	-
Loss on disposal <sup>2</sup>		-	-	-	-	(35.4)	(35.4)
<b>Profit/(loss) before tax</b>		-	-	-	23.9	(35.2)	(11.3)
Tax charge	4	-	-	-	(5.6)	(1.8)	(7.4)
<b>Profit/(loss) for the year</b>		-	-	-	18.3	(37.0)	(18.7)
Attributable to:		-	-	-	-	-	-
Equity holders of Signature Aviation Limited		-	-	-	18.3	(37.0)	(18.7)
Non-controlling interests		-	-	-	-	-	-
<b>Profit/(loss) for the year</b>		-	-	-	18.3	(37.0)	(18.7)

1 Underlying profit is stated before exceptional and other items.

2 The prior year 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 translation differences accumulated in equity, and the loss on disposal.

**Cash flows from/(used in) ERO discontinued operations**

	2022 \$m	2021 \$m
Net cash inflow from operating activities	-	39.8
Net cash outflow from investing activities	-	(2.7)
Net cash outflow from financing activities	-	(6.2)
<b>Net cash inflow for the year<sup>1</sup></b>	-	30.9

1 Net cash flows in the year comprise \$nil (2021: \$26.1 million) operating profit, \$nil inflow (2021: \$17.2 million inflow) working capital movement and \$nil (2021: \$1.8 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

In the prior year 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 <sup>1</sup>	(35.4)
<b>Net consideration</b>	<b>99.3</b>
Satisfied by:	
Cash consideration	236.0
Net cash flow arising on disposal:	
Consideration received in cash and cash equivalents	236.0
Transaction costs <sup>2</sup>	(141.4)
Cash and cash equivalents disposed of	(5.2)
Proceeds from disposal of businesses, net of cash disposed of	89.4

1 The prior year loss on disposal includes \$12.5 million of deferred tax liabilities that left the Group upon the disposal of ERO.

2 Prior year 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.

### 25. Government grants

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

	2022 \$m	2021 \$m
<b>Received during the year</b>	<b>-</b>	<b>6.5</b>
<b>Income statement</b>		
Released to the statement of profit and loss	-	(6.5)
	-	(6.5)

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 \$6.5 million in 2021 and subsequently repaid. 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. In the prior year a \$23.7 million promissory note 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) was repaid in full (note 14).

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## 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:

	2022 \$m	2021 \$m
Short-term benefits	11.1	8.7
Termination benefits	0.2	6.4
Post-employment benefits	0.2	0.5
Share-based payments	—	7.1
	11.5	22.7

Post-employment benefits include contributions of \$nil (2021: \$0.2 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Associates and joint ventures	1,054.8	488.1	—	—	1,288.0	443.9	2.6	71.9	52.5	12.6
Affiliated companies	—	—	0.1	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 \$2.6 million (2021: \$71.9 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

There have been no post Balance Sheet events between 31 December 2022 and 31 March 2023.

## 28. Ultimate controlling party

The Group's ultimate parent company is Signature Aviation US Holdco LP, which was incorporated in December 2022. Within the meaning of the Companies Act 2006, Signature Aviation US Holdco LP (a 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 Holdco LP 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 Terminal 1, Percival Way, Luton LU2 9PA.



## Notes to the Consolidated Financial Statements continued

### 29. 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.

	2022 \$m	2021 \$m
Reported revenue prior year (continuing and discontinued)	2,531.2	1,921.3
Revenue prior year (continuing)	2,285.4	1,413.9
Revenue prior year (ERO discontinued)	–	507.4
Reported revenue prior year (continuing and discontinued)	2,285.4	1,921.3
Rebase for foreign exchange movements <sup>1</sup>	(14.3)	7.0
Rebase for fuel price movements <sup>2</sup>	746.9	235.1
Contribution from discontinued/disposals <sup>3</sup>	–	(507.4)
Rebase for leap year	–	–
<b>Rebased comparative revenue</b>	<b>3,018.0</b>	<b>1,656.0</b>
Reported revenue (continuing and discontinued)	3,531.9	2,531.2
Less: Contribution from ERO discontinued operations (note 24)	–	(245.8)
Less: Contributions from acquisitions <sup>4</sup>	(182.2)	(8.3)
<b>Organic revenue</b>	<b>3,349.7</b>	<b>2,277.1</b>
<b>Organic revenue growth</b>	<b>11.0%</b>	<b>37.5%</b>

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 (2021: \$nil).

4 Contributions from acquisitions relate to \$134.1 million from the TAC acquired on 1 July 2022, \$1.5 million in 2022 from the FOK acquired on 31 July 2022, and \$13.0 million in 2022 (\$4.2 million in 2021) from the STT acquisition on 9 September 2021, and \$33.6 million in 2022 (\$4.1 million in 2021) from VVJC acquisition on 30 November 2021. See note 23 for further information.



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**29. 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.

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
Operating profit	399.1	399.1	-	313.0	286.9	26.1
Add: Exceptional and other items						
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3	82.6	82.6	-	72.0	72.0	-
Amounts related to previously disposed businesses	23.3	23.3	-	2.3	2.3	-
Restructuring costs	-	-	-	(0.1)	0.1	(0.2)
Exceptional and other items	105.9	105.9	-	74.2	74.4	(0.2)
Underlying operating profit	505.0	505.0	-	387.2	361.3	25.9
Underlying operating margin	14.3%	14.3%	-	15.3%	15.8%	10.5%
IFRS 16 impact on operating profit						
Operating profit	399.1	399.1	-	313.0	286.9	26.1
Impact of IFRS 16	(56.8)	(56.8)	-	(54.1)	(48.4)	(5.7)
Operating profit pre IFRS 16	342.3	342.3	-	258.9	238.5	20.4
Operating profit pre IFRS 16 margin	9.7%	9.7%	-	10.2%	10.4%	8.3%
IFRS 16 impact on underlying operating profit						
Underlying operating profit	505.0	505.0	-	387.2	361.3	25.9
Impact of IFRS 16	(56.3)	(56.3)	-	(54.2)	(48.5)	(5.7)
Underlying operating profit pre IFRS 16	448.7	448.7	-	333.0	312.8	20.2
Underlying operating profit pre IFRS 16 margin	12.7%	12.7%	-	13.2%	13.7%	8.2%



## Notes to the Consolidated Financial Statements continued

### 29. Alternative Performance Measures continued

#### Earnings Before Interest Depreciation and Amortisation (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.

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
Profit/(loss) for the year	163.4	163.4	-	23.9	42.6	(18.7)
Add: Finance costs	191.1	191.1	-	167.0	165.0	2.0
Less: Investment income	(3.4)	(3.4)	-	(36.9)	(36.9)	-
Add: Tax charge	37.1	37.1	-	26.2	18.8	7.4
Add: Depreciation and amortisation	257.6	257.6	-	231.2	231.2	-
Add: Other impairment losses	-	-	-	22.5	22.5	-
Add: ERO impairment and other charges	-	-	-	-	-	-
Add: Transaction costs	2.0	2.0	-	76.0	76.0	-
Less: Loss/(gain) on remeasurement of investment in associates and joint ventures	1.5	1.5	-	(1.1)	(1.1)	-
Less: Gain on other disposals	-	-	-	-	-	-
Add: Loss on disposals	7.4	7.4	-	35.4	-	35.4
Less: Gain on disposal of Ontic	-	-	-	-	-	-
EBITDA	656.7	656.7	-	544.2	518.1	26.1
Restructuring costs	-	-	-	(0.1)	0.1	(0.2)
Other exceptional items	23.3	23.3	-	2.3	2.3	-
Underlying EBITDA	680.0	680.0	-	546.4	520.5	25.9

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

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
IFRS 16 impact on profit/(loss) for the year						
Profit/(loss) for the year	163.4	163.4	-	23.9	42.6	(18.7)
Impact of IFRS 16	21.1	21.1	-	(6.2)	19.2	(25.4)
Profit/(loss) for the year pre IFRS 16	184.5	184.5	-	17.7	61.8	(44.1)
IFRS 16 impact on EBITDA						
EBITDA	656.7	656.7	-	544.2	518.1	26.1
Impact of IFRS 16	(140.1)	(140.1)	-	(137.4)	(131.6)	(5.8)
EBITDA pre IFRS 16	516.6	516.6	-	406.8	386.5	20.3
IFRS 16 impact on underlying EBITDA						
Underlying EBITDA	680.0	680.0	-	546.4	520.5	25.9
Impact of IFRS 16	(139.7)	(139.7)	-	(137.5)	(131.8)	(5.7)
Underlying EBITDA pre IFRS 16	540.3	540.3	-	408.9	388.7	20.2

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**29. 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.

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
Reported revenue	3,531.9	3,531.9	–	2,531.2	2,285.4	245.8
Direct material costs	(2,159.8)	(2,159.8)	–	(1,319.1)	(1,173.8)	(145.3)
<b>Net revenue</b>	<b>1,372.1</b>	<b>1,372.1</b>	<b>–</b>	<b>1,212.1</b>	<b>1,111.6</b>	<b>100.5</b>
Direct labour costs	(259.2)	(259.2)	–	(229.8)	(210.2)	(19.6)
Direct overhead costs and other costs of sale	(425.8)	(425.8)	–	(427.4)	(392.0)	(35.4)
<b>Gross profit</b>	<b>687.1</b>	<b>687.1</b>	<b>–</b>	<b>554.9</b>	<b>509.4</b>	<b>45.5</b>
IFRS 16 impact on Net Revenue						
<b>Net revenue post IFRS 16</b>	<b>1,372.1</b>	<b>1,372.1</b>	<b>–</b>	<b>1,212.1</b>	<b>1,111.6</b>	<b>100.5</b>
IFRS 16 revenue	4.5	4.5	–	4.4	4.4	–
<b>Net revenue pre IFRS 16</b>	<b>1,376.6</b>	<b>1,376.6</b>	<b>–</b>	<b>1,216.5</b>	<b>1,116.0</b>	<b>100.5</b>

**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.

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
Underlying EBITDA pre IFRS 16	540.3	540.3	–	408.9	388.7	20.2
Net revenue pre IFRS 16	1,376.6	1,376.6	–	1,216.5	1,115.9	100.5
<b>Underlying EBITDA margin pre IFRS 16</b>	<b>39.2%</b>	<b>39.2%</b>	<b>–</b>	<b>33.6%</b>	<b>34.8%</b>	<b>20.1%</b>



## Notes to the Consolidated Financial Statements continued

### 29. 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 Ontic 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.

	2022 Total \$m	2021 Total \$m
Net cash flow from operating activities (note 21)	506.3	331.4
Less reported purchase of property, plant and equipment (note 21)	(163.3)	(82.6)
Less reported purchase of intangible assets (note 21)	(4.2)	(6.9)
Add income tax paid	62.3	22.9
Add transaction costs (acquisition by Bidco)	–	58.1
Add reported proceeds from disposal of property, plant and equipment (note 21)	1.4	1.2
<b>Operating cash flow</b>	<b>402.5</b>	<b>324.1</b>
Impact on net cash flow from operating activities pre IFRS 16		
Net cash flow from operating activities	506.3	331.4
IFRS 16 impact	(133.4)	(162.7)
Net cash flow from operating activities pre IFRS 16	372.9	168.7
Impact on operating cash flow pre IFRS 16		
Operating cash flow	402.5	324.1
IFRS 16 impact	(133.4)	(162.7)
Operating cash flow pre IFRS 16	269.1	161.4

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**29. 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.

	2022 Total %	2021 Total %
Cash conversion	101%	104%
Cash conversion (pre IFRS 16)	79%	62%

**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.

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.

	2022 Total \$m	2022 Continuing \$m	2022 Discontinued \$m	2021 Total \$m	2021 Continuing \$m	2021 Discontinued \$m
Reported borrowings (note 14)	2,522.8	2,522.8	–	1,469.3	1,469.3	–
Amortisation costs (note 14)	68.3	68.3	–	38.8	38.8	–
Total principal of borrowings	2,591.1	2,591.1	–	1,508.1	1,508.1	–
Reported cash and cash equivalents (note 11)	(350.6)	(350.6)	–	(266.7)	(266.7)	–
Total net principal of borrowings	2,240.5	2,240.5	–	1,241.4	1,241.4	–
Amortisation costs (note 14)	(68.3)	(68.3)	–	(38.8)	(38.8)	–
Net debt on a cash flow basis, excluding lease liabilities	2,172.2	2,172.2	–	1,202.6	1,202.6	–
Lease liabilities (note 13)	1,412.2	1,412.2	–	1,240.8	1,240.8	–
Adjusted net debt on a cash flow basis <sup>1</sup>	3,584.4	3,584.4	–	2,443.4	2,443.4	–
Total net principal of borrowings	2,240.5	2,240.5	–	1,241.4	1,241.4	–
Adjust for finance leases <sup>1</sup>	0.4	0.4	–	0.5	0.5	–
Adjust for unsecured debt (note 14)	(0.2)	(0.2)	–	(0.3)	(0.3)	–
Net debt for covenant purpose	2,240.7	2,240.7	–	1,241.6	1,241.6	–

<sup>1</sup> 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.



## Company Balance Sheet

	Notes	2022 £m	2021 £m (restated <sup>1</sup> )
<b>Non-current assets</b>			
Right of use assets	2	-	0.1
Fixed asset investments	3	3,567.6	3,570.9
Other non-current debtors	5	1,851.0	1,792.2
Deferred tax asset	10	24.9	21.8
		<b>5,443.5</b>	<b>5,385.0</b>
<b>Current assets</b>			
Derivative financial instruments	4	-	0.3
Other current debtors <sup>1</sup>	5	617.9	361.6
Corporation tax receivable		-	3.8
Cash at bank and in hand	7	21.5	129.7
		<b>639.4</b>	<b>495.4</b>
<b>Current liabilities</b>			
<b>Creditors: amounts falling due within one year</b>			
Lease liabilities	8	-	(0.1)
Derivative financial instruments	4	-	(1.8)
Other payables	6	(2,375.0)	(2,167.5)
Corporation tax payable		(0.4)	-
		<b>(2,375.4)</b>	<b>(2,169.4)</b>
<b>Net current liabilities</b>		<b>(1,736.0)</b>	<b>(1,674.0)</b>
<b>Total assets less current liabilities</b>		<b>3,707.5</b>	<b>3,711.0</b>
<b>Creditors: amounts falling due after more than one year</b>			
Borrowings	7	(0.2)	(0.2)
Lease liabilities	8	(3.4)	(3.4)
Retirement benefit obligations	13	(23.3)	(29.8)
Provisions	9	(0.6)	(0.6)
		<b>(27.5)</b>	<b>(34.0)</b>
<b>Total net assets</b>		<b>3,680.0</b>	<b>3,677.0</b>
<b>Capital and reserves</b>			
Called up share capital	11	312.3	312.3
Share premium account	11	978.7	978.7
Other reserves	11	185.0	185.0
Profit and loss account	11	2,204.0	2,201.0
<b>Equity shareholders' funds</b>		<b>3,680.0</b>	<b>3,677.0</b>

<sup>1</sup> Refer to note 15 for details of the prior year restatement.

The financial statements of Signature Aviation Limited (registered number 00053688) were approved by the Board of Directors on 31 March 2023 and signed on its behalf by:

Tony Lefebvre  
Chief Executive Officer

Michael Eshoo  
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 £0.6 million profit (2021: £27.8 million loss).

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 £m	Other reserves £m	Total equity £m
<b>Balance at 1 January 2021</b>		312.4	978.7	2218.3	203.5	3712.9
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		-	-	-	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)	-
<b>Balance at 31 December 2021</b>		312.3	978.7	2,201.0	185.0	3,677.0
Profit for the year		-	-	0.6	-	0.6
Other comprehensive loss for the year		-	-	2.4	-	2.4
Total comprehensive income for the year		-	-	3.0	-	3.0
<b>Balance at 31 December 2022</b>		312.3	978.7	2,204.0	185.0	3,680.0



## Accounting Policies of the Company

### Basis of accounting

Signature Aviation Limited is a private company limited by shares 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 22.

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 • for details.

### New financial reporting requirements

A number of UK-endorsed amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2022 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.



### 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.

### 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.



## Notes to the Company Financial Statements

### 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 2022 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.

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**1. Employees**

	2022	2021
Average monthly number	10	20
	2022 £m	2021 £m
Salaries	0.4	3.5
Social security	–	0.6
Contributions to defined contribution plans	–	0.1
Expenses related to defined benefit plan	1.8	1.8
	2.2	6.0

**2. Tangible fixed assets**

	Leasehold improvements 2022 £m	Plant and machinery 2022 £m	Right of use assets Land and buildings 2022 £m	Total 2022 £m	Leasehold improvements 2021 £m	Plant and machinery 2021 £m	Right of use assets Land and buildings 2021 £m	Total 2021 £m
<b>Cost or valuation</b>								
Beginning of year	0.8	1.2	1.6	3.6	0.8	1.2	3.0	5.0
Asset write downs	–	–	–	–	–	–	(1.4)	(1.4)
<b>End of year</b>	<b>0.8</b>	<b>1.2</b>	<b>1.6</b>	<b>3.6</b>	<b>0.8</b>	<b>1.2</b>	<b>1.6</b>	<b>3.6</b>
<b>Accumulated depreciation</b>								
Beginning of year	(0.8)	(1.2)	(1.5)	(3.5)	(0.8)	(1.0)	(1.2)	(3.0)
Depreciation charge for the year	–	–	(0.1)	(0.1)	–	(0.2)	(0.3)	(0.5)
<b>End of year</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>(1.6)</b>	<b>(3.6)</b>	<b>(0.8)</b>	<b>(1.2)</b>	<b>(1.5)</b>	<b>(3.5)</b>
<b>Net book value end of year</b>								
Owned assets	–	–	–	–	–	–	0.1	0.1
Leased assets	–	–	–	–	–	–	–	–
<b>End of year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.1</b>	<b>0.1</b>



## Notes to the Company Financial Statements continued

### 3. Fixed asset investments

	2022 £m	2021 £m
<b>Subsidiary undertakings</b>		
<b>Cost of shares</b>		
Beginning of year	3,711.3	3,733.2
Disposals	-	(21.9)
End of year	3,711.3	3,711.3
<b>Provisions for impairments</b>		
At beginning of year	(140.4)	(140.4)
Provided for in the year	(3.3)	-
End of year	(143.7)	(140.4)
Net book value end of year	3,567.6	3,570.9

The subsidiaries and related undertakings of Signature Aviation Limited are listed on pages 95 to 100.

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

	2022 Current £m	2022 Non-current £m	2022 Total £m	2021 Current £m	2021 Non-current £m	2021 Total £m
<b>Derivative financial assets</b>						
Foreign exchange forward contracts	-	-	-	0.3	-	0.3
	-	-	-	0.3	-	0.3
<b>Derivative financial liabilities</b>						
Foreign exchange forward contracts	-	-	-	(1.8)	-	(1.8)
	-	-	-	(1.8)	-	(1.8)

Details of the foreign exchange forward contracts are provided in note 15 to the Consolidated Financial Statements.

### 5. Debtors

	2022 £m	2021 £m (restated <sup>1</sup> )
Amounts owed by subsidiary undertakings	614.0	360.5
Other debtors, prepayments and accrued income	3.9	1.1
Current debtors	617.9	361.6
Amounts owed by subsidiary undertakings <sup>1</sup>	1,851.0	1,792.2
Non current debtors	1,851.0	1,792.2

<sup>1</sup> Amounts owed by subsidiary undertakings were previously classified as current debtors as the loan agreements had no fixed terms of repayment. The directors have revisited this assessment and, because there was no expectation at the prior year-end that these amounts would be repaid within 12 months, this being the Company's normal operating cycle, it has been determined that presentation as non-current debtors is more appropriate. As a result of this, the 31 December 2021 balance sheet has been restated with £1,792.2 million being reclassified from current debtors to non-current.

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**6. Creditors: amounts falling due within one year**

	2022 £m	2021 £m
<b>Other</b>		
Amounts owed to subsidiary undertakings	2,371.2	2,160.9
Other taxation and social security	1.3	–
Other creditors	–	0.4
Accruals and deferred income	2.5	6.2
	<b>2,375.0</b>	<b>2,167.5</b>

**7. Cash and borrowings**

	2022 £m	2021 £m
<b>Borrowings summary</b>		
<b>Medium-term loans</b>		
Repayable between one and two years	–	–
Repayable between two and five years	–	–
Repayable in more than five years	0.2	0.2
Borrowings: due after more than one year	0.2	0.2
<b>Short-term</b>		
Overdrafts and borrowings repayable within one year	–	–
Total borrowings	0.2	0.2
Cash at bank and in hand	(21.5)	(129.7)
<b>Net (cash)/borrowings</b>	<b>(21.3)</b>	<b>(129.5)</b>

	2022 £m	2021 £m
<b>Borrowings analysis</b>		
<b>Unsecured</b>		
<b>Bank loans and overdrafts</b>		
Sterling	0.2	0.2
Total borrowings	0.2	0.2
Cash at bank and in hand	(21.5)	(129.7)
<b>Net (cash)/borrowings</b>	<b>(21.3)</b>	<b>(129.5)</b>

The unsecured loans relate to the 5% cumulative preference shares.

**8. Lease liabilities**

At the balance sheet date, the maturity analysis of lease liabilities for the Company is set out below:

	Minimum lease payments	
	2022 £m	2021 £m
<b>Amounts payable under lease liabilities</b>		
Within one year	0.2	0.4
In the second to fifth years inclusive	0.9	0.9
More than five years	9.7	9.9
	10.8	11.2
Less: Future finance charges	(7.4)	(7.7)
<b>Present value of lease obligations</b>	<b>3.4</b>	<b>3.5</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(0.1)
<b>Amount due for settlement after 12 months</b>	<b>3.4</b>	<b>3.4</b>

In 2022 the average effective borrowing rate for the Company was 5.2% (2021: 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 (2021: £nil).

The interest expense relating to lease liabilities during the year was £0.2 million (2021: £0.2 million).



## Notes to the Company Financial Statements continued

### 9. Provisions

	Beginning of year £m	Charged in year £m	Utilised in year £m	Released in year £m	End of year £m
<b>31 December 2022</b>					
Discontinued operations	0.6	–	–	–	0.6
<b>31 December 2021</b>					
Discontinued operations	0.7	–	(0.1)	–	0.6

Analysed as:	2022 £m	2021 £m
Current liabilities	–	–
Non-current liabilities	0.6	0.6
	0.6	0.6

Provisions in respect of discontinued operations relate to costs associated with businesses that have been disposed of by the Company in prior years.

### 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 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
At 1 January 2022	0.1	7.0	5.6	9.1	–	21.8
Prior year adjustment	–	(1.3)	0.4	0.3	–	(0.6)
Credit/(charge) to profit and loss account	–	0.1	3.4	(1.4)	–	2.1
Credit/(charge) to equity	–	–	–	(0.6)	–	(0.6)
Effect of change in tax rate						
– profit and loss account	–	0.2	1.7	0.3	–	2.2
– equity	–	–	–	–	–	–
As at 31 December 2022	0.1	6.0	11.1	7.7	–	24.9

No deferred tax assets have been offset against deferred tax liabilities.

As at 31 December 2022, the Company had unused tax losses of £45.1 million (2021: £24.5 million) 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.

	2022 £m	2021 £m
<b>Reserves attributable to equity interests</b>		
<b>Share premium account</b>		
Beginning and end of year	978.7	978.7
<b>Merger reserve</b>		
Beginning and end of year	99.3	99.3
<b>Capital reserve</b>		
Beginning of year	151.0	166.7
Credit to equity for equity-settled share-based payments	-	13.4
Transfer to retained earnings on exercise of equity-settled share-based payments	-	(30.1)
Capital contribution	-	1.0
End of year	151.0	151.0
<b>Treasury reserve</b>		
Beginning of year	(65.3)	(62.5)
Net purchase of own shares	-	(7.8)
Transfer to profit and loss account	-	5.0
End of year	(65.3)	(65.3)
<b>Profit and loss account</b>		
Beginning of year	2,201.0	2,218.3
Transfer from capital reserve on exercise of equity-settled share-based payments	-	30.1
Transferred from treasury reserve	-	(5.0)
Tax on items taken directly from reserves	(0.6)	3.6
Actuarial gain/(loss)	3.0	(22.2)
Cancellation of treasury shares	-	4.0
Profit/(loss) for the year	0.6	(27.8)
End of year	2,204.0	2,201.0

At 31 December 2022, nil ordinary 371<sup>7</sup>/<sub>64</sub>p shares (2021: nil ordinary 371<sup>7</sup>/<sub>64</sub>p) with a nominal value of £nil (2021: £nil) and a market value of £nil (2021: £nil) 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 in 2021, 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.

### 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.

Contingent liabilities:	2022 £m	2021 £m
Guarantees of subsidiary undertakings, overdrafts or loans and other guarantees	–	–

### 15. Prior year adjustment

Intercompany loan account receivables were previously classified as current assets in terms of the related loan agreements had no fixed terms of repayment. The Directors have revisited this assessment and, because there was no expectation at the prior year-end that these amounts would be repaid within 12 months, this being the Company's normal operating cycle, it has been determined that presentation as non-current assets is more appropriate.

As a result of this, the 31 December 2021 balance sheet has been restated with £1,792.2 million being reclassified from current assets to non-current assets.

### 16. Controlling party

The Company's ultimate parent company is Signature Aviation US Holdco LP, which was incorporated in December 2022. Within the meaning of the Companies Act 2006, Signature Aviation US Holdco LP (a 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 Holdco LP 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 Terminal 1, Percival Way, Luton LU2 9PA.



## Subsidiaries and Related Undertakings

The following is a list of the Group's subsidiary and associated undertakings as at 31 December 2022.

Subsidiaries	Principal activity	% Holding
<b>Antigua</b>		
Roberts & Co Law, 60 Nevis Street, St. Johns, Antigua		
SFS Operations Antigua Ltd	Aviation	100%
<b>Barbados</b>		
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%
<b>Brazil</b>		
Av. Jamaris, 100, 12º andar, conj. 1202, Indianópolis, CEP 04078-000, São Paulo		
BBA South América Ltda.	Holding	100%
<b>British Virgin Islands</b>		
Sea Meadow House, Road Town VG1110, BVI		
IAM Jet Centre Tortola Ltd	Aviation	100%
<b>Canada</b>		
Suite 2107, 40 King St. W. Toronto, ON M5H 3C2		
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%
EPIC Aviation Canada Inc.	Aviation	100%
<b>Cayman Islands</b>		
Maples & Calder, PO Box 309, Ugland House, Georgetown, Grand Cayman, Cayman Islands, British West Indies		
BBA Financial Services (Cayman Island) Ltd	Holding	100%
<b>England</b>		
Terminal 1, Percival Way, Luton LU2 9PA		
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 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	Liquidation	100%
BBA Four Limited	Liquidation	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%
Bonetights Limited	Dormant	100%
British Belting & Asbestos Limited	Dormant	100%



## Subsidiaries and Related Undertakings continued

Subsidiaries	Principal activity	% Holding
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%
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	Liquidation	100%
Husbang Limited	Liquidation	100%
Lintafoam (Manchester) Limited	Liquidation	100%
Nonehay Limited	Dormant	100%
Notiontoken Limited	Dormant	100%
Oilark Limited	Dormant	100%
Okefab Limited	Liquidation	100%
Oxford Aviation Holdings Limited	Dormant	100%
Oxford Aviation Properties Limited	Dormant	100%
PCCN 1997 Limited	Liquidation	100%
Salprep Limited	Dormant	100%
Signature Aviation Pension Trustees Limited	Holding	100%
Synterials Limited	Dormant	100%
Texidwarf Limited	Liquidation	100%
Texstar Limited	Dormant	100%
The Guthrie Corporation Limited	Holding	100%
Valcove Limited	Liquidation	100%
Versil Limited	Dormant	100%
<b>Hangar 100, Aviation Park West, Bournemouth Airport, Christchurch, Dorset, BH23 6NW</b>		
CSE Bournemouth Limited	Aviation	100%
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%
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%
<b>France</b>		
<b>Lieudit Le Fond De Rosière, 95500 Bonneuil-en-France</b>		
BBA Holdings France SAS	Holding	100%
Encore FBO SAS	Aviation	100%
Signature Flight Support Paris SAS	Aviation	100%

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Subsidiaries	Principal activity	% Holding
<b>Germany</b>		
<b>Ostallee, GAT / Room 132, D-85356 Munich Airport</b>		
BBA Holding Deutschland GmbH	Holding	100%
SFS Munich GmbH & Co KG	Aviation	95%
SFS Verwaltungs GmbH	Aviation	95%
<b>Greece</b>		
<b>59 Attikis &amp; Ydras Str., Koropi 19400</b>		
Signature Flight Support Athens Aviation Services Single Member Société Anonyme	Aviation	100%
<b>Grenada</b>		
<b>Maurice Bishop International Airport, Point Salines, St. George, Grenada</b>		
IAM Jet Centre Grenada Ltd.	Aviation	100%
<b>Ireland</b>		
<b>57 Herbert Lane, Dublin 2, Ireland</b>		
BBA Investment Aviation Limited	Holding	100%
BBA Luxembourg Finance No 2 Limited	Finance	100%
<b>T1X, Terminal 1, Dublin Airport, Co. Dublin</b>		
Signature Flight Support Ireland Ltd	Aviation	100%
<b>Isle of Man</b>		
<b>Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man</b>		
BBA Aviation Insurances Limited	Finance	100%
<b>Italy</b>		
<b>Viale dell'Aviazione 65, 20138 Milano</b>		
Signature Flight Support Italy Srl	Aviation	100%
<b>Jamaica</b>		
<b>48 Duke Street, Kingston Jamaica</b>		
IAM Jet Centre Limited	Aviation	100%
<b>Jersey</b>		
<b>47 Esplanade, St Helier, Jersey, JE1 0BD</b>		
BBA Financial Services (Jersey) Limited	Dormant	100%
Guthrie Estates Holdings Limited	Dormant	100%
<b>Luxembourg</b>		
<b>6, avenue Pasteur, L-2310 Luxembourg</b>		
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 ROV Investments S.à r.l.	Holding	100%
BBA US Investments S.à r.l.	Holding	100%
<b>Netherlands</b>		
<b>Naritaweg 165, 1043 BW Amsterdam, The Netherlands</b>		
R.R. FBO Cooperatie U.A.	Holding	100%
<b>Netherlands Antilles</b>		
<b>Schottegatweg Oost 44, P.O. Box 812, Willemstad, Curaçao</b>		
Guthrie Investments NV	Dormant	100%
<b>Panama</b>		
<b>PH ARIFA, 10<sup>th</sup> Floor, West Boulevard, Santa Maria Business District, PO BOX 0816-01098, Panama, Republic of Panama</b>		
Signature Flight Support Panama S.A.	Aviation	100%



## Subsidiaries and Related Undertakings continued

Subsidiaries	Principal activity	% Holding
<b>Scotland</b>		
c/o Dentons UKMEA LLP, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP		
BBA Aviation Pensions (GP) Limited	Finance	100%
4 <sup>th</sup> Floor 115 George Street, Edinburgh, EH2 4JN		
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%
<b>Singapore</b>		
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%
<b>South Africa</b>		
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	Dormant	100%
<b>Spain</b>		
C/O Hostals 16 Baja, Palma de Mallorca, 07-Mallorca		
Ocean Sky Jet Centre SLU	Liquidation	100%
<b>St Kitts &amp; Nevis</b>		
Kayan Jet Center, Robert L. Bradshaw International Airport, Basseterre, St. Kitts		
SFS Island Operations Ltd	Aviation	100%
<b>St Lucia</b>		
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%
<b>St Maarten</b>		
Princess Juliana International Airport, Simpson Bay, St. Maarten		
Arrindell Aviation by Signature N.V.	Aviation	100%
<b>Switzerland</b>		
C/O Eversheds Sutherland AG, rue du Marché 20, 1204 Genève, Switzerland		
Signature Flight Support Switzerland SA	Aviation	100%
<b>Trinidad and Tobago</b>		
M. Hamel-Smith & Co, Eleven Albion, Cor Dere and Albion Sts, Port of Spain, Trinidad, Trinidad and Tobago		
Signature Trinidad Limited	Aviation	100%

Strategic Report

Directors' Report

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Subsidiaries	Principal activity	% Holding
<b>United States</b>		
<b>13485 Veterans Way, Suite 600, Orlando, Florida, 32827</b>		
BBA Diagnostics LLC	Dormant	90.6%
CLT Aviation Partners, LP	Aviation	100%
DAL Aviation Development Company, LLC	Aviation	100%
Daedalus, LLC	Aviation	100%
Eastway Aviation, Inc.	Aviation	100%
Eastway Aviation, LLC	Aviation	100%
Eagle Avionics, LLC	Aviation	100%
Endzone, Inc.	Dormant	100%
ESNY-SFSHPN, 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%
Sunrise Jets Maintenance, LLC	Aviation	100%
TAC Air DAL GP, LLC	Aviation	100%
TAC Air DAL LP, LLC	Aviation	100%
Truman Arnold Companies	Aviation	100%
Vail Valley Jet Center, LLC	Aviation	100%
<b>400 Cornerstone Drive, Suite 240, Williston, Vermont, 05495</b>		
BBA Aviation Insurances (Vermont), Inc.	Finance	100%
<b>General Aviation Terminal, Washington National Airport, Washington, District of Columbia, 20001</b>		
Signature Tradewinds – Washington National, L.C.	Aviation	80%
<b>222 West Las Colinas Boulevard, Suite 1425N, Irving, Texas, 75039</b>		
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%
<b>4909 Nautilus Court North, Boulder, Colorado, 80301-3692</b>		
OT Petroleum on Demand, LLC	Aviation	100%
<b>United States Virgin Islands</b>		
<b>Waterfront Center, Suite A, 72 Kronprindsens Gade, St Thomas, 00803</b>		
Signature STT, LLC	Aviation	100%
<b>Joint Ventures</b>		
FBOASE, LLC	Aviation	53%
GB Aviation Holdings, LLC	Aviation	50%
Signature Canada FBO Services, Inc.	Aviation	75%
<b>Associated Undertakings</b>		
Hong Kong Business Aviation Centre Limited	Aviation	10%
Hong Kong Business Aviation Centre (China) Limited	Aviation	10%
Page Avjet Fuel Co., LLC	Aviation	50%



## Subsidiaries and Related Undertakings continued

Investments in assets classified as financial instruments fair valued through other comprehensive income	Principal activity	% Holding
Alyssum Group Limited	Aviation	3.19%
Líder 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 2022 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