

Signature Aviation plc (re-registered as Signature Aviation Ltd 2 June 2021)
Annual Report
2020

Company Number 53688



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COMPANIES HOUSE

An extraordinary year. A resilient performance.

2020 Continuing Group

\$1,413.9m

Revenue – 2019: \$2,260.5m

\$192.8m

Underlying operating profit¹ – 2019: \$320.8m

\$104.6m

Statutory operating profit – 2019: \$204.9m

\$69.4m

Underlying profit before tax¹ – 2019: \$177.2m

5.2%

Return on invested capital¹ – 2019²: 8.5%

\$25.9m

Free cash flow¹ – 2019: \$129.1m

¹ Defined and reconciled to reported financials under Alternative Performance Measures (APMs). See note 30.

² Restated for an adjustment relating to pensions.



8-13

Q&A with Mark Johnstone

2020 in review

- Health and safety of employees and customers has been our utmost priority.
- Significant declines in B&GA flight activity as a result of the COVID-19 pandemic impacted revenue and profit.
- Improved performance in the second half as flight activity began to recover.
- Continued to invest in key initiatives under the strategic flight plan: TAG Aviation FBO SA; employee experience; provision of sustainable aviation fuel.



2020 was an extraordinary year for Signature Aviation. Our performance has demonstrated the resilience of our business model and strategy and the quality and commitment of our team.

Mark Johnstone
Group CEO



4-5

Our business model



18-23

Strategy in action
& Financial KPIs



34-49

Resources &
relationships

→ 24-33

Group Finance Director's Review



The Group has generated free cash flow throughout the pandemic period. This, combined with effective cost management, has enabled us to continue to invest for the future.

David Crook
Group Finance Director

→ 64-77

Governance



The Board has operated effectively during the year, providing governance oversight for all stakeholders.

Sir Nigel Rudd
Chairman

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The number 1 global network serving the B&GA industry

>350 **1.2m** **68%** **13.2m** **>4,800**

locations worldwide

aircraft movements
handled by Signature
in 2020Of the top 200 US B&GA
locations, Signature and
EPIC are present at
locations where 68%
of fuel is pumpedsq foot of hangar, terminal
and office space under
management in the USA

employees

North America – 91.9% of 2020 revenue

64% of global installed
B&GA fleet
1.2% CAGR
2018-2028*

142 Signature, TECHNICAir™ and
Signature Select® locations

162 EPIC branded
locations

Key services

- High-quality, full-service flight support for B&GA travel including fuelling, ground handling, passenger and pilot amenities, and concierge services
- Non-fuel activities including hangar rental for overnight parking and tenant aircraft, office rental and advertising
- Technical support, line and heavy maintenance, inspection and Aircraft on Ground (AOG) services at key locations
- Fuel purchasing card and transaction processing
- EPIC fuelling services
- Nearly 1,600 QTPod self-serve fuel technology installations
- Signature ELITE Class™ offering Signature VIP service to commercial travellers

Rest of World – 8.1% of 2020 revenue

Europe

28 Signature and
Signature Select® locations
12% of global installed B&GA fleet*

South America¹

18 Signature locations
15% of global installed B&GA fleet*

Asia

3 Signature locations
6% of global installed B&GA fleet*

Africa

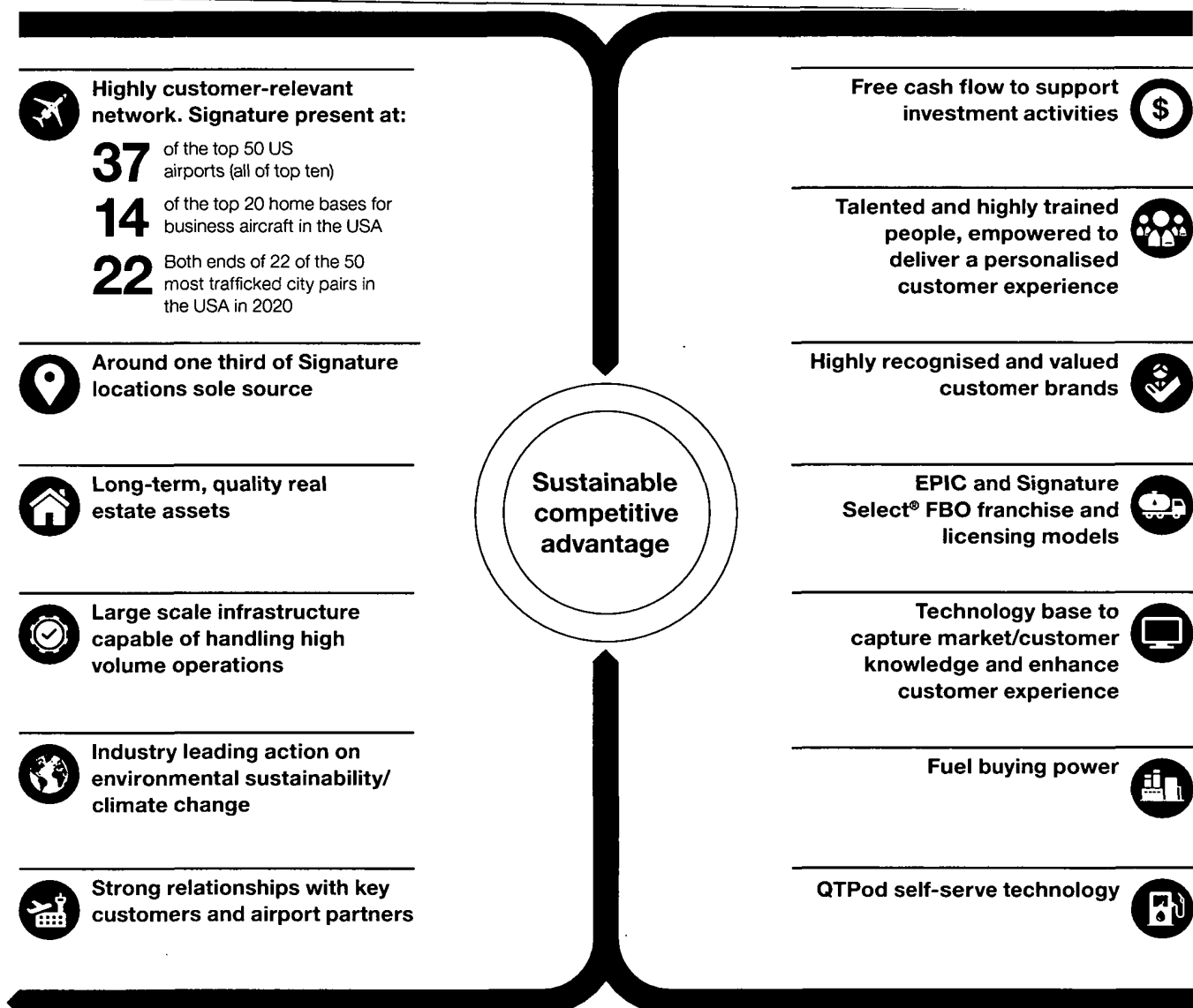
1 Signature location
Middle East & Africa 4% of global installed
B&GA fleet*

*Source: Roland Berger 2018 data. Excludes migration effects.
Fleet with unknown operating region excluded from analysis.
Excludes utility turboprops. Asia includes Pacific Rim.

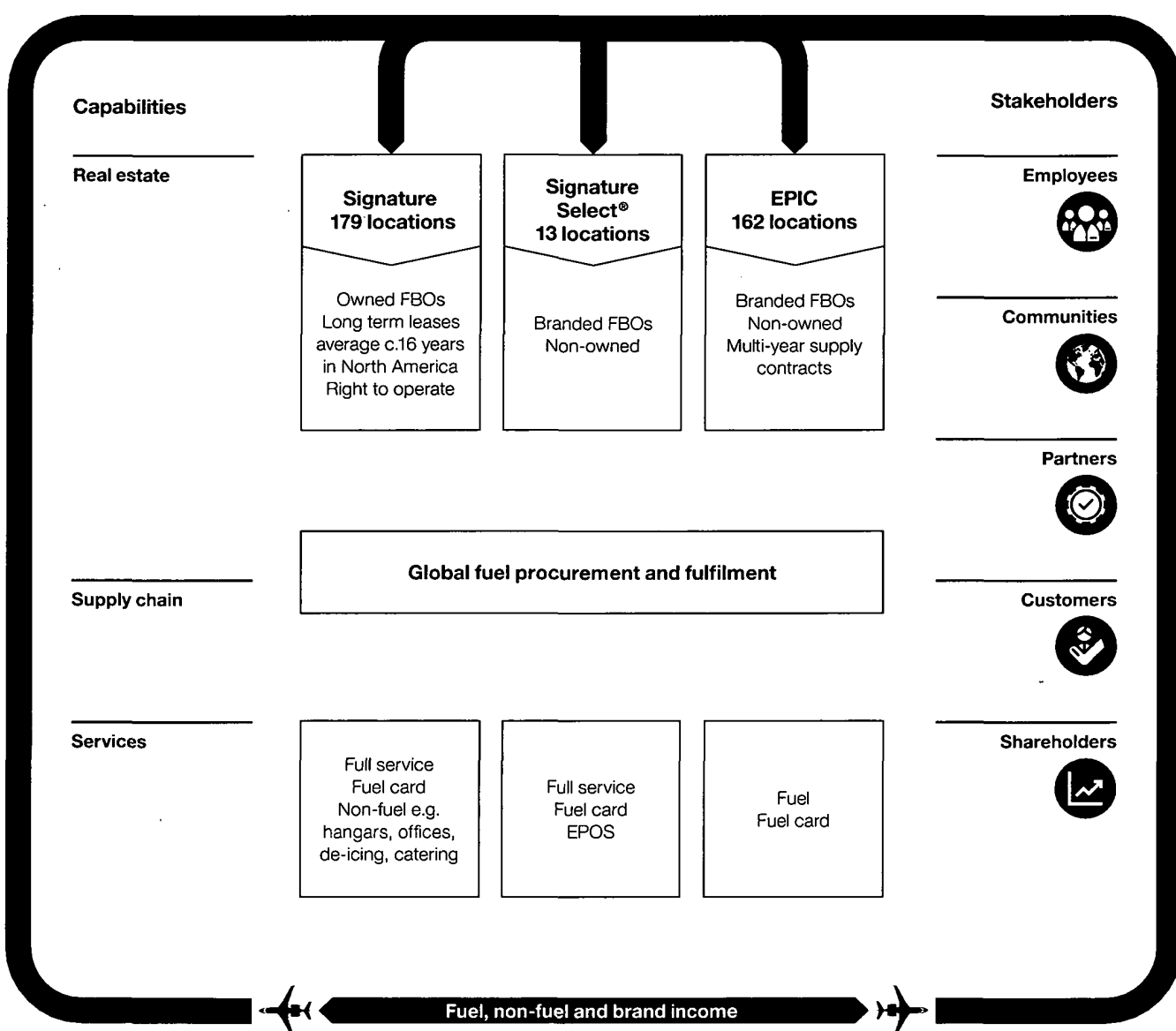
Signature locations at 26 February 2021.
EPIC locations at 31 January 2021.
¹ Signature's South American network operates under
a joint venture agreement with Líder Aviação.

Our business model

Signature provides fuel and non-fuel services through a unique network of owned FBO real estate and licensed or contracted locations. Strong free cash flow supports continued investment in the size and quality of the network, our people and the services we offer.



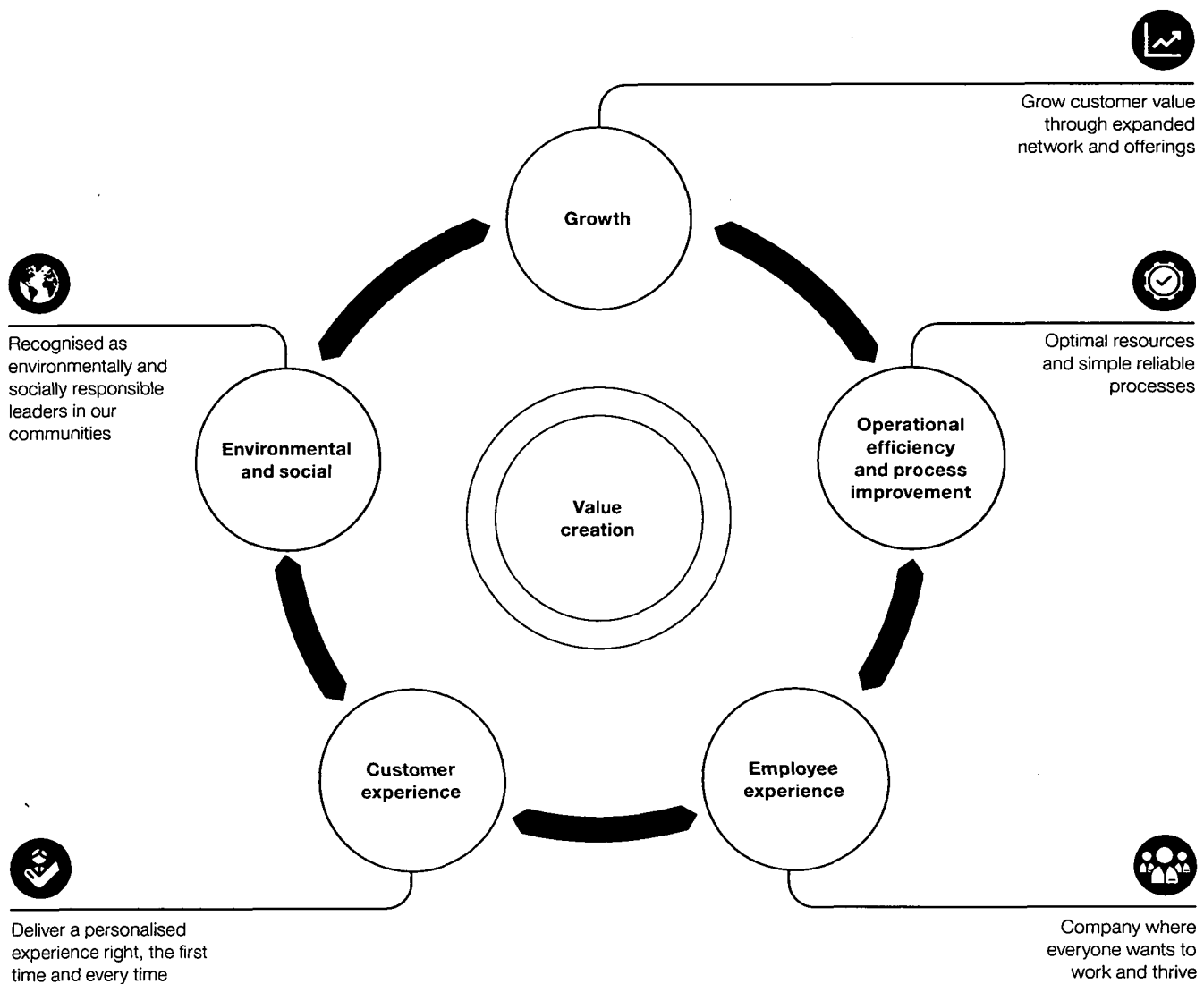
We have a robust platform for growth and, supported by our strategy, continued value creation for all of our stakeholders.



Strategic Flight Plan

The five pillars of our Strategic Flight Plan guide decision making in the organisation, and all activities and individual objectives are aligned with it.

See pages 18 to 22 for our strategy in action.



Signature Renew™ – building a sustainable future

Leading the industry on environmental matters is a fundamental part of Signature's strategy. Business has a critical role to play in reducing climate-related risk and, as the largest global FBO network, we have a responsibility to raise the bar and drive change, including in our supply chains. We also see this as an opportunity to create value through further differentiation and engagement with customers and airport partners as environmental requirements grow, and with our employees and potential employees who place a high value on social and environmental responsibility.

2025

**29%
reduction**

in Scope 1 and 2 emissions

2030

**50%
reduction**

2050

Net Zero

Net Zero: Achieving an overall balance between Scope 1&2 greenhouse gas emissions from our operations and greenhouse gas emissions removed from the atmosphere.

Emission reduction targets

In 2020, following a detailed review of options for increasing environmental sustainability, the Signature Aviation Board committed to the Paris Agreement Goal to reduce our controllable Scope 1 and 2 emissions to Net Zero by 2050 at the latest. We have established a clear baseline* for current emissions and our milestones over the next 30 years are to deliver a minimum 29% reduction in emissions by 2025 and a 50% reduction by 2030.

Transitioning to Net Zero in the aviation industry is a significant challenge and will require continued investment in new technologies, collaboration with partners and suppliers, and integration of environmental matters into many decision-making processes. We are embracing the journey in all parts of the organisation.

Read more about environmental sustainability and our environmental performance on page 44.

*2018 baseline

Signature Renew™

To drive innovation and progress all of our initiatives are brought together under our global environmental sustainability programme Signature Renew.

Signature Renew encompasses the work we are doing to reduce our own emissions through our real estate investment programme, our operations, and our ground support equipment (GSE) fleet including:

- Rolling out solar energy to multiple locations;
- LEED standard construction projects and energy efficient building systems and materials;
- Hybrid electric crew cars and charging stations;
- Electric GSE and low emission, efficient diesel engines on heavier GSE where electric is not yet feasible;
- Data, reporting, monitoring of progress against targets, and team and customer engagement.

Also under the Renew brand, in late 2020 Signature became the world's first FBO network to establish a permanent supply of Sustainable Aviation Fuel (SAF) for customers at a location, with the aim of accelerating adoption of SAF in the B&GA industry and enabling our customers to fly more responsibly.

SAF is currently supplied through a strategic partnership with Neste and is now permanently available at Signature San Francisco (SFO), London Luton (LTN), Mobile (BFM), Van Nuys (VNY) and Boeing Field (BFI), with the intention to roll out to further locations in the future. Signature's initial commitment to purchase 5 million gallons represented a significant stimulus to global supply of SAF to B&GA. Our efforts are supported by our largest customer, NetJets, which has agreed to purchase up to 3 million gallons of SAF to fully supply its fuel needs at SFO and at its global headquarters at Columbus International (CMH).

EPIC also has significant experience in SAF logistics and supply and is working with Signature on a number of SAF projects including a request from a third party to procure and supply 2 million gallons of SAF to the B&GA market through various FBOs, including through the Signature and Signature Select® network.

Q&A with Mark Johnstone

2020 was an extraordinary year for Signature Aviation. Our performance has demonstrated the resilience of our business model and strategy and the quality and commitment of our team.

Mark Johnstone
Group CEO



I am truly impressed and very proud of the strength and flexibility shown by team members across our organisation as they have rallied in the face of the global pandemic.

How did you manage the business through the pandemic? Are there any learnings you'd like to share?

I am truly impressed and very proud of the strength and flexibility shown by team members across our organisation as they have rallied in the face of the global pandemic. Our network remained open and our Signature teams have supported each other, our customers and our local communities, and they have adapted every day as we took, and continue to take, the necessary and appropriate actions to maintain a safe environment at our bases and manage our costs to best match flying and tenant activity.

As we entered the pandemic the Signature leadership team developed six priority action areas focusing on: safeguarding employees and customers, employee engagement, taking control of our liquidity, protecting revenue, aggressively managing costs, and planning for the recovery. The latter being quickly overtaken by plans to execute the recovery. These action plans were communicated across the organisation to ensure all efforts were aligned and we could execute smoothly.

We traded robustly through the sharp declines in flight activity experienced in late March and April where, at the height of the stay-at-home measures, we saw an almost 80% reduction in B&GA flying, demonstrating both the resilience and cash generative nature of the Signature FBO business model.

More than ever I have learnt that communication is absolutely key. We increased the cadence of external interaction and grew dramatically the volume of internal communication, aiming to reach every level of the organisation at regular intervals. We also introduced the Signature Assure programme and, as planned, launched the Signature Renew global environmental initiative. More on these later.

Another key enabler was the OKR (Objectives and Key Results) system we introduced in 2019 and rolled out to the whole organisation in 2020. Using OKRs we are more agile, with a focus on quarterly, sometimes monthly, and even weekly targets, ensuring we are united across the organisation, as well as from top to bottom.

What do you believe are the qualities that attracted interest from potential acquirors of the Group?

Over recent years we have streamlined the Group to create a leading global private aviation support services business, while continuing to maximise value for shareholders. The resilience of our market leading FBO business model, the quality of our network, our ability to generate positive net cash flow throughout

the pandemic and continue to invest in and develop our business have been the key factors in my view. The recommended offer for the Group from Blackstone, Global Infrastructure Partners and our largest shareholder, Cascade, for which the Scheme Document was published on 22 February 2021, reflects these factors and the potential for the Group to grow and expand services across our real estate.

How has the recovery in the US B&GA market played out, and do you see any permanent structural changes?

A breakdown of the segmental performance of the market by certificate type – owner operators (part 91), fractional owners (part 91K) and charter operators (part 135) – shows that the charter market has seen the strongest recovery post the March and April stay-at-home measures, driven by both leisure usage and new users to B&GA. Signature Assure and Renew aim to ensure these new customers can fly responsibly, as we increase the availability of Sustainable Aviation Fuel, and are 'sticky' to the industry and also to Signature. Signature Assure gives our customers clarity and confidence in our network standards for base safety and cleanliness as they return to flying or use Signature for the first time.

Our US FBO network is weighted to the North East (NE) region which serves major metropolitan areas and a large proportion of the international flights into the US; locations such as Teterboro, the world's largest dedicated B&GA airport in New Jersey, Boston, Newark and Washington. The NE has not only seen a delayed recovery versus the rest of the US, due to stay-at-home orders remaining for longer, but is also more exposed to business-related flying, which has lagged leisure travel in this early stage of the recovery. We do not believe this will be a permanent mix shift. A large proportion of the corporate fleets remain as tenants in our hangars and the second hand market for larger jets, typically used by corporate fleets and the business traveller, is buoyant. We expect the part 91 and part 91K segments of the market will recover as the business traveller returns.

The recovery mix, driven by the charter segment and materially lower international traffic, has also resulted in a weighting to smaller and mid-sized planes versus the larger jets flying on longer legs, including transatlantic. This has resulted in a reduction in average fuel uplifts which, in turn, has also limited our ability to outperform the overall US B&GA market. Again, we believe this is a temporary shift.

We are confident that the US B&GA market continues to be a long-term structural growth market, highly correlated with US GDP growth.

Do you believe the changes in working patterns and environmental concerns will be a negative factor in businesses returning to flying? And tell us more about Signature Renew™.

We remain committed to working in ways that limit the impact of our business on the environment and to proactively managing environmental resources. We have made good progress in 2020 and have not been side-tracked during the pandemic.

While the world had to adapt to working remotely, switching to online solutions such as Microsoft Teams or Zoom almost overnight as the pandemic took hold, we do not believe that these virtual systems are long-term solutions for the regular users of B&GA. The C-suite and senior leadership teams both want and need to be out and about visiting team members, factories, offices and meeting new stakeholders. While online meetings can sustain existing relationships in the short term, we do not believe they are conducive to forging new ones. Furthermore, as mentioned earlier, we are not seeing notable increases of business jets on the second hand market, nor do we see our tenants looking to exit hangar leases.

I am proud of the team's collaborative effort to launch Signature Renew, our global sustainability initiative introduced to innovate and invigorate our journey to Net Zero carbon emissions. In fuel, the move to Sustainable Aviation Fuel, or SAF, has been a slow process, with the lack of global production capacity historically making the product very expensive. I am pleased to report that in 2020 we made industry history through our partnership with Neste, a leading producer of renewable products, and our largest customer, NetJets, to accelerate the adoption of SAF within business aviation and enable our customers to fly more responsibly.

Under the Signature Renew brand, Neste will be supplying Signature with millions of gallons of SAF at San Francisco (SFO), which will be the world's first SAF-only FBO location by the end of Q1 2021, London Luton (LTN), Mobile (BFM), Van Nuys (VNY) and Boeing Field (BFI). We will work hard to ensure other locations follow. NetJets joined us as Signature Renew's first major SAF client at SFO, having committed to purchase up to 3 million gallons of SAF to fully supply its fuel needs at SFO and at its global headquarters at Columbus International. Our EPIC business also has growing expertise in SAF acquisition and logistics and is working with multiple customers to procure and deliver SAF on request. A SAF working group has been set up between Signature and EPIC to pool knowledge and execute opportunities.

Business has a critical role to play in reducing climate-related risk and, as the market leader in B&GA, we have a responsibility to lead change. We also see the climate transition process as an opportunity to create value through further market differentiation and engagement with our stakeholders, including our employees. Read more about environmental sustainability on page 44.

How have you progressed employee engagement during the pandemic?

I am passionate about engaging our employees and creating a healthy, exciting and fulfilling workplace where people want to work, supporting us to build a better Signature. To deliver best in class service to our customers and create value for all our stakeholders it is important that our employees have a clear sense of purpose, are inspired by our leaders, have their wellbeing supported, and are given opportunities to develop. I am committed to creating an organisational environment, mindset and culture that delivers on this.

Through the pandemic, while the health and safety of our employees and customers has been our utmost priority, we have also pressed ahead with our focus on engagement. Every team in the organisation progressed their local level engagement action plans to address the results of our 2019 Engagement Survey. I believe these efforts have been beneficial in uniting teams while some members have been working remotely or have been furloughed and have had a positive impact on mental health. We have just completed our third annual Engagement Survey and I am really pleased that participation was 93%, up from 84% in 2019 and 71% in 2018, an amazing turnout during a difficult time. Our engagement score also improved by 8 percentage points over 2019 to 53%. This puts us in the top quartile of Gallup survey companies in their third year.

I also firmly believe that our sustainability initiatives will be a key factor in driving engagement and in attracting new talent to our company.

The cadence of our regular communications increased significantly during the pandemic and we have introduced multi-channel communications where staff in our FBOs hear first-hand about key initiatives from the Signature Leadership Team and progress on the six point action plan I mentioned earlier. That direct link has been very important and appreciated by us all.

We have many initiatives under our People strategic pillar aimed at growing the skills of our people and helping them meet their career aspirations and we are now delivering a wide range of training opportunities through our Propel online training portal. Our intention is to have in place growth programmes supporting every stage of career – from taking the first steps into a supervisor role to executive development. Our talent review and succession planning process is active across the organisation and will intensify in 2021 as we look to promote even more talent from within.

Diversity and inclusion have also been an important focus – we want everyone at Signature to bring their true selves to work every day. We have taken some significant steps this year – including launching a dedicated Diversity and Inclusion strategy with an action plan and clear targets – but recognise that this is a long-term process. You can read more about our Diversity and Inclusion Strategy on page 38.



To deliver best in class service to our customers and create value for all our stakeholders it is important that our employees have a clear sense of purpose, are inspired by our leaders, have their wellbeing supported, and are given opportunities to develop. I am committed to creating an organisational environment, mindset and culture that delivers on this.

Looking after our people during the COVID-19 pandemic

The safety, welfare and wellbeing of our employees has been our utmost priority during the COVID-19 pandemic. Our intention has been to preserve the employment of as many people as possible; protect employee health and safeguard wellbeing; and communicate proactively, providing the information and tools needed for people to work safely and confidently and feel that their needs are supported.

Preserving employment

At the start of the pandemic, in our US operations we maintained headcount through hours reductions initially and then briefly furloughed employees until we received CARES Act funding, at which point we were able to bring team members back. In Europe, we furloughed employees using national schemes where available. Some redundancies have been unavoidable, but we have worked to keep these to a minimum. Our goal has been to have strong communication channels with our employees throughout, ensuring they have the information and support they need. Signature employees that suffered a financial loss through the period have been encouraged to apply to access funds through the Signature Hardship Fund.

Protecting health

Providing a safe environment and protecting employees from infection has driven new ways of working, policies and services. Those able to work from home have been supported to work from home and in our operations:

- New service standards were launched in mid-March including cleaning checklists, changes to food service and new procedures for vehicle use. Social distancing and measures to minimise traffic in our FBO buildings were implemented.
- Bases have been provided with face coverings, other protective equipment, specialist cleaning materials and sanitiser.
- Temperature checks and a process for dealing with unwell team members and identifying contacts were implemented.
- The Signature Recovery Playbook (see page 42) was launched at the end of May to provide a comprehensive guide to operating safely and consistently across the network for the protection of employees and customers. An updated version was launched in August, supported by a range of base resources and training.
- A return to work process and refresher training was provided to all employees returning from furlough.
- Information on working safely continues to be provided in the weekly update from our Health, Safety, Security and Environment (HSSE) team.

Wellbeing

Over and above protecting health, it has been vital to consider and safeguard the wellbeing of our employees during this unprecedented period.

- Our Lifeworks Employee Assistance Programme (EAP) was extended to US employees, giving every employee access to one to one counselling, health professionals and a range of mental and financial wellbeing resources and advice.
- The Signature Aviation Hardship fund was launched in June giving team members facing financial hardship the opportunity to apply for a grant following any qualifying event, including the pandemic, that has negatively impacted their finances. Read more on page 38.
- Financial health and planning training was made available to team members around the world.
- Online engagement and training activities have taken place for teams working from home.
- Our monthly wellbeing newsletter was launched in May.

Communication and supporting employee needs

- Pandemic communications first began at the beginning of February and we launched a weekly All hands COVID-19 video call with the CEO and COO from mid-March, running to mid-May.
- A COVID-19 online resource site was launched for managers with regularly updated FAQs and other materials. A separate regularly updated FAQ document was created for employees and an email address provided for individual enquiries. An open Q&A session was included in our March Global Ops Connect video call.
- A range of training courses was provided through our Propel online system including on COVID-19 prevention, the Recovery Playbook, and return to work.

Have you changed the Signature strategy in the light of COVID-19?

Our strategy has not changed. We refreshed our strategic pillars following the Ontic disposal in 2019 to ensure they were appropriate for the focused Signature business. Management attention on these pillars has remained during the COVID-19 crisis and there has been no requirement to change our strategy.

Our clear strategic flight plan comprises the really important building blocks for Signature's future, with everything we do as a business mapping to one of five areas: growth; operational efficiency and process improvement; employee experience; customer experience; and environmental and social responsibility. We have also recently restarted the project to refresh our brand, define our culture and values, and our purpose, to ensure they appropriately represent what drives the Signature business and deliver continued success into the future.

Do the initiatives presented at the Capital Markets Day and rationale for the EPIC acquisition still hold?

We have continued to explore new ways to supplement revenue beyond JetA fuel, particularly as jets become increasingly fuel efficient, making these and other initiatives a fundamental part of our ability to grow value. The COVID-19 pandemic does not change this focus, though it has inevitably delayed the delivery from these initiatives by some 12-18 months.

At the Capital Markets Day, we focused on four main growth pillars – organic growth, pricing optimisation, non-fuel revenue growth, and new services and asset utilisation. As flight activity recovers post COVID-19, we remain confident in Signature's ability to deliver significant longer-term value creation across our market-leading network, supported by continued implementation of these strategic growth initiatives.

Pricing optimisation algorithms have allowed for the deployment of 80,000 pricing points into the B&GA in 2020. This initiative has ensured that on the airfields where we are located, we are capturing more than our share of business.

It made sense to pause the launch of our ELITE Class™ service in the US as we await a recovery in the commercial airline sector. We remain convinced that this service, enabling the safe and efficient interconnect for commercial passengers through our real estate facilities, thus avoiding commercial terminal facilities, has even greater appeal in the current situation and post-COVID world. We expect to have our first US ELITE location up and running in 2021; this is likely to be at our new Atlanta FBO where our facility construction is now complete, and where negotiations with airport authorities, airlines and the TSA are well advanced. We are also seeing strong interest from advertisers looking for new opportunities to target the Signature demographic, but it is recognised that budgets are likely to be constrained in the immediate future.

You will recall that part of the strategic rationale for the EPIC transaction was to acquire our fuel card services provider. Around half of transactions at Signature are on credit card and encouraging the use of our own fuel card saves on transaction fees to card providers. We have continued to increase fuel card penetration within the Signature network in 2020. We took a more cautious approach in the depths of the pandemic but have recently refocused on driving this penetration. Our long-term intention to reach 25% penetration remains the same.

Furthermore, we have now completed our second fuel RFP for the combined gallons of the Signature and EPIC businesses. Another key reason for the EPIC acquisition, which absolutely holds, was the ability to source our fuel directly from the fuel refiners, rather than via the middle market (where EPIC is an established player).

A further initiative not explored at the Capital Markets Day is the delivery of an industry leading strategy to leverage our real estate and tenant base which will be an important driver of future profitable growth for Signature, and one that is even more important as we execute the recovery of our business. We have created a new role with the sole responsibility for maximising all sources of tenant revenue including real estate, local fuel/handling, and on the road fuel/handling.

How did you determine the Scope 1 and 2 emission reductions you are targeting? What are the other longer-term actions you are taking to combat environmental issues?

Having established a clear baseline environmental footprint from our 2018 data (see page 44), this year we committed to the Paris Agreement Goal requiring our global emissions to be Net Zero by 2050 at the latest. Our milestones over the next 30 years are to reduce our Scope 1 and 2 emissions by a minimum of 29% by 2025 and we are targeting a minimum 50% reduction by 2030, against the 2018 baseline. We intend to remain at the forefront of the industry, utilising a range of initiatives targeted across our real estate, our operational activities and our customer offer to reach our goal.

Signature's Scope 1 emissions incorporate the fuel and heating required for us to run our FBOs, and we operate a large fleet of ground support equipment (GSE), from fuel trucks to smaller items such as tugs and lavatory and water carts, which need to be as fuel efficient as possible, or electric where available and viable. This is an important element of our GSE management and renewal programme. We are also working with multiple airports in the US to convert fully to electric, utilising external funding. Our fleet of electric crew cars is growing, and we currently offer customer electric charging points at 20 FBOs, which we expect to increase to keep pace with demand.

With regards to our Scope 2 emissions, in particular our usage of electricity, we have increased the deployment of solar across the network and currently have installations active or planned at 15 US locations. We generated 4.7 million KWh of clean electricity in 2020. We are reviewing solar viability at a further 15 US locations. In EMEA, we have reviewed 15 potential locations and are pursuing further viability at six.

Our new Atlanta (ATL) FBO. Both the FBO and ELITE Class™ terminal at ATL are certified LEED Silver.

Our new build FBO and ELITE terminals at Atlanta Hartsfield have been built to LEED Silver certification standards and all renovations follow these principles if possible. We have around 25 assets (FBOs and hangars) which are already LEED or equivalent certified or where we are pursuing the certification. Our FBO location at San Diego is Platinum certified, the highest possible grade.

While we would classify Scope 1 and 2 emissions as being 'controllable' we are also mindful of our Scope 3 emissions. Here the progress we have made in sourcing and supplying SAF is really encouraging, as are other options to help our customers fly more sustainably. Electric flying will inevitably be a slower concept to evolve, but we do believe that hybrid and even fully electric planes for short distances could be a possibility in the next five to ten years. It is worth remembering that, at our core, we are providers of real estate to facilitate business and general aviation and will be able to support multiple types of flight as new flying options emerge.

What impact has the pandemic had on the Group's liquidity/covenants?

The Signature business has been cash flow positive throughout the pandemic, evidencing our flexible cost base and decisive management action. Even in the depths of the pandemic, when we were experiencing flight activity down around 70%, we were operating cash flow positive.

While we took precautionary steps to waive our RCF financial covenants for the December 2020 and June 2021 testing periods, we actually had zero borrowing on our RCF at December 2020. Our net cash of \$171 million and undrawn RCF combined amount to \$571 million of liquidity, significantly above the minimum liquidity level requirement of \$150 million we agreed to in substitution for waiving the financial covenants. Minimum liquidity will be tested at June 2021 and, if the RCF is drawn, at March 2021 and September 2021.

The refinancing of the Group in 2019 through a further senior notes offering in the US bond market and the simplification of our banking facilities has benefited the Group during 2020, while also lowering our debt service costs. Our nearest maturity date is the RCF due in 2025.

Have you seen M&A opportunities increasing?

Signature is the largest FBO network, but it is still our desire to expand the network and enhance our customer proposition. There are 20-30 locations where we would like to be. While the impact of COVID-19 has increased the availability of FBO locations for sale, we remain focused on those airfields; it's not just about more dots on the map.

Throughout the pandemic we have continued to invest for the future whether it be organically, with the completion of our newly constructed Atlanta FBO, or inorganically. In July 2020 we were pleased to complete the acquisition of TAG Aviation FBO SA comprising two FBOs in Switzerland: the strategically important location in Geneva, a Signature target since I worked as CFO in this part of the business some 11 years ago; and Sion, which serves the nearby mountain leisure demand. Geneva is the second largest trafficked general aviation FBO in EMEA, with strong connectivity to other locations in our European network such as Paris, Luton and Nice. This year we also acquired the remaining 40% minority stake in our Italian business from SEA Prime, which includes FBOs at Milan Linate, Milan Malpensa and Rome Ciampino as well as trip support arrangements at a further six Italian locations.

However, we remain financially rational with regards to the network and during the year we also took the decision to exit a small number of locations, including Corpus Christi (CRP), Paris Le Bourget Terminal 3 (LBG) and our Austrian Select® locations.

Is the 2.5-3x net debt to underlying EBITDA range on a covenant basis still appropriate for Signature in a post-COVID world?

Yes, we believe the range is still appropriate; the sharp declines in flight activity we have faced and our ability to remain close to our target leverage range is certainly evidence of this. The Signature business model has demonstrated its cash generative nature as well as flexibility and resilience through the pandemic.

While some of our peers may have higher leverage, we believe that given we operate in a cyclical industry and experience a mix of leverage appetite amongst our differing geographical investor bases, 2.5-3.0x net debt to underlying EBITDA on a covenant basis is the right range.

No dividend has been declared with respect to the 2020 financial year in the light of the continued uncertainty around the COVID-19 pandemic and to preserve balance sheet strength and liquidity.

We have always been clear that given the cash generative nature of the Signature business, and our rational investment decision making, should we not see opportunities to deploy cash back into the business, and we fall below the bottom of our target leverage range, our capital allocation policy will allow for us to return cash to shareholders. There is no change here.

What are your priorities as you look into 2021?

As we move into 2021, we will continue to create value for our stakeholders by aligning all of our activities and investment around our five strategic pillars.

We continue to monitor recovery trends as the pandemic remains amongst us. I expect it will be towards the end of 2022 before flight activity returns to 2019 levels, but I am confident that we have the playbook required to appeal to our customers while looking after our team and managing our costs appropriately.

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. We also expect to complete the sale of the ERO business to StandardAero, announced in February.

I believe Signature Renew will gain momentum in 2021, as we lead the industry on environmental issues and, as mentioned previously, this will enable us to attract customers and employees alike.

The continuing brand and purpose project work and further developing our culture and organisational mindset to deliver our objectives will be essential. I am excited about the various initiatives we are exploring and am cautiously optimistic on our prospects for 2021.

Signature Leadership Team

1. Shawn Fallon

Chief Financial Officer, Signature
Joined the Group in 2009 and held a number of senior finance roles at Signature Flight Support and Engine Repair & Overhaul before being appointed Chief Financial Officer, Signature in January 2019. Prior to joining was with Flight Options LLC, the US fractional private jet operator.

2. Ben Hooper

Chief HR Officer, Signature
Joined the Group in 2015 as HR Director, Flight Support EMEA and then VP Global HR Operations before being appointed Chief HR Officer, Signature in October 2019. Prior to joining held HR roles at chemical distributor Univar.

3. Shawn Hall

Chief Commercial Officer, Signature
Joined the Group in 2017 as SVP Strategy and Business Development and was appointed Chief Commercial Officer, Signature in July 2018. Prior to joining served for 11 years in the US Navy as a Naval Aviator and Tactics Instructor Pilot before joining McKinsey & Co where he was an Associate Partner.

4. David Crook

Group Finance Director
Joined the Group in 2015 as Group Financial Controller and was appointed Group Finance Director in June 2017. Previous roles include Head of Group Finance at AZ Electronic Materials as well as general management and finance roles with Sun Chemical, Telewest Global, Vantico Group and Corus Group.

5. Mark Johnstone

Group CEO
Joined the Group in 2008 and progressed through a number of senior leadership roles, including Group Corporate Development Director, CFO Signature Flight Support and President and COO Engine Repair & Overhaul, before being appointed Group CEO in April 2018. Prior to joining held roles in the aerospace and off-highway division of GKN plc.

6. Maria Garton

Group General Counsel
Joined the Group as Group General Counsel in August 2018. Began her career working in corporate law and litigation in New York and Washington before moving into General Counsel and Compliance roles in the aerospace sector with Mubadala Development Company PJSC and Lockheed Martin Aeronautics.

7. Tony Lefebvre

Chief Operating Officer, Signature
Joined the Group in 2013 as President and COO ASIG and then President and COO TECHNICAir™ before being appointed Chief Operating Officer, Signature in July 2018. Prior to joining was Chief Operating Officer at Spirit Airlines and MD, Europe for US Airways.

8. David Blizzard

Group Company Secretary
Joined the Group in 2013 as Head of Secretariat and was appointed Group Company Secretary in June 2016. Prior to joining spent nine years in Company Secretarial roles with Barclays and six years in client-facing roles with PwC.

Business & General Aviation market

Market drivers

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

B&GA travel is driven by corporate confidence and wealth creation, with a long-term, through cycle correlation to GDP and corporate profits.

The global installed fleet of business jets and turboprops is estimated to be more than 32,000 aircraft, with 64% currently based in North America, and a further 12% in Europe, Signature's second largest market.

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

B&GA flight hours, aircraft movements and asset 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. During the pandemic the elements of our non-fuel revenue aligned with flight activity such as handling charges, ground handling, de-icing and ancillary revenue such as car hire and hotel bookings exhibited a similar pattern to flight activity but we experienced stable levels of real estate revenue from tenants in our hangars and offices.

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 programme and have made significant progress to secure permanent supplies of sustainable aviation fuel which will be a key market driver as our customers look to fly more sustainably.

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 third category is 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 discretionary. 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 and 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 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 is likely to result in higher utilisation as we look forward.

Signature benefits from a global and diverse customer base of over 8,000 customers worldwide and we maintain long-term relationships with many of these customers across the three market segments.

US B&GA market in 2020

As we entered 2020, the uncertainty around the US trade tariffs, Gulf tensions and the slowdown in China, all noted in 2019, continued to impact business confidence and discretionary flying; hence the broadly flat US B&GA market, as measured by FAA movements data, in January and February. From mid-March onwards, COVID-19 cases started to ramp up globally and stay-at-home measures were imposed in the US which heavily impacted flying activity such that overall, in Q1, the US B&GA market was down 8.8%. In the second quarter the US B&GA market, measured by the same metric, was down 49.4% year over year.

As the B&GA market started to recover as stay-at-home measures were lifted over the summer, movements at Signature recovered, however the mix of flying movements changed markedly, with small and mid-sized aircraft recovering at a greater pace and therefore accounting for a greater share of the market. Over the summer period flying is typically more leisure and vacation driven, with less business flying, and we saw some of the more leisure driven locations experience traffic levels ahead of 2019. By August flight activity at Signature had stabilised at c.80% of prior year levels.

Over the second half of 2020 business flying remained subdued, as did international flying, with many borders remaining effectively closed given strict quarantine restrictions, all contributing to shorter trip lengths. The stronger recovery in more leisure influenced flying also reduced the number of larger jets operating in the short term and therefore fuel uplifts. This recovery mix of flying has also accentuated regional differences in flight activity, with the North East, which is more weighted to business and international travel, lagging other US regions.


We are encouraged that although business and corporate flying did not experience the usual pick up following Labor Day, the overall market through Q4 remained broadly at the levels experienced during the summer with good holiday periods. This suggests both a stickiness to private flying from new entrants, but also that charter flying was not just vacation related but more personal usage.

Further market recovery as we look into 2021 will be dependent on the return of corporate and international travel and increased sports charter traffic.

Europe

In Europe, the market experienced a similar rebound post the depths of the pandemic, such that by the third quarter our served market (locations where Signature has a presence) had recovered close to prior year levels. However, the European market tends to be leisure and less business driven and our served market experienced a further contraction in the fourth quarter as both the holiday season ended and further local lockdowns took effect.

Strategy in action

Growth Grow customer value through expanded network and offerings 	
Key areas of focus	Measuring success
<ul style="list-style-type: none"> • Further enhance and fortify real estate assets • Expand network via targeted acquisitions/agreements at new locations • Extend reach via Signature Select® and EPIC® location growth as well as extending QTPod installations to new markets • Expand non-fuel services and real estate offer • Customer behaviour segmentation and pricing optimisation – fuel and real estate • Grow availability of Sustainable Aviation Fuel (SAF) • Fuel card penetration • ELITE Class™ commercial passenger service • Long range planning for new aviation technology 	<ul style="list-style-type: none"> • Revenue growth • Lease extensions • Pipeline of real estate development and renovation projects • New locations • Fuel card penetration
Progress in 2020 <ul style="list-style-type: none"> • Acquisition of TAG Aviation locations at Geneva (GVA) and Sion (SIR), Switzerland • Acquisition of minority interest at Milan Linate (LIN), Milan Malpensa (MXP) and Rome Ciampino (CIA), Italy • New construction/renovation/infrastructure projects including Atlanta (ATL); Newark (EWR); Teterboro (TEB); Baton Rouge (BTR); Eastern Iowa (CID); Washington Dulles (IAD); and Washington Reagan (DCA) • Continued usage and refinement of fuel pricing model • New structure to holistically manage total share of tenant wallet including real estate and at home and on road fuel and services • Deployment of Signature Renew brand and strategic partnership on SAF with Neste and NetJets and establishment of permanent SAF supply at San Francisco (SFO) and London Luton (LTN) • Fuel card penetration at 10.4% • ELITE Class™ operating at six locations. Dedicated terminal completed at ATL • Addition of globally recognised advertising partners 	
Plans for 2021 <ul style="list-style-type: none"> • Continue to source opportunities to expand network – owned and non-owned • New construction/renovation/infrastructure projects including Bedford (BED); Des Moines (DSM); Key West (EYW); Houston (HOU); Palm Beach (PBI); Anchorage (ANC); Nashville (BNA); Las Vegas (LAS); and Omaha (OMA) • Further refinement of customer segmentation and pricing optimisation • Deploy strategy to target new post-pandemic segment growth and sector users/entrants • Further expand portfolio of network-wide advertising partnership • Scale holistic tenant product/management • Extend SAF provision to new locations and roll out broader set of Renew offerings • Continue to grow fuel card penetration • Launch ELITE Class™ at ATL and pursue additional ELITE opportunities as commercial aviation sector recovers • Continue building strategic partnerships in advanced aerial mobility 	

Our new FBO location at Sion (SIR), Switzerland.

Operational efficiency and process improvement

Optimal resources and simple, reliable processes



Key areas of focus

- Smart technology to deliver enhanced data quality, drive better decision making and optimise key processes
- Labour optimisation
- GSE fleet optimisation
- Standardised global training programmes for customer facing roles
- Fuel procurement
- Proactive, risk-based safety and security culture, owned by operations, supported by centre
- OKRs – practical goal setting to deliver clarity and consistency of expectation for all team members

Measuring success

- Labour efficiency
- GSE fleet total cost of ownership and fuel efficiency
- Fuel procurement savings
- Safety metrics
- IS-BAH and ISO9001 accredited sites

Progress in 2020

- Creation of Signature Recovery Playbook – standardised network approach to safe operation during the COVID-19 pandemic
- SIGnet 2.0 roll out to EMEA started and pilot of employee mobile platform
- Implementation of labour optimisation tool in North America – positive impact on managing pandemic recovery
- Deployment of active GSE fleet management strategy and EBIS intuitive GSE fleet management tool to North America
- Network wide simplified Standard Operating Procedures for key ramp activities
- Deployment of initial phases of new single back office system, combining 30+ historic systems
- Embedded OKR process in daily management
- Standardised onboarding and training curriculums
- Expansion of virtual learning technology and programming
- Enhanced safety audit trend reporting and implementation of virtual safety audits during pandemic
- Further IS-BAH safety certifications
- Safety risk matrix and predictive analysis rolled into base tool

Plans for 2021

- Complete SIGnet 2.0 roll out to EMEA and mobile
- Deploy labour optimisation data, tool and workforce strategies to EMEA
- Expand GSE fleet management tool to EMEA
- Continue to deploy new back office system
- Implement hybrid virtual and in person safety audit programme
- Integrate human factors analysis into safety risk management process
- Launch global security manual and begin development of refreshed security training modules

Our labour optimisation tool has played a key role in efficiently managing labour requirements during the COVID-19 pandemic.

Employee experience

A company where everyone
wants to work and thrive



Key areas of focus

- Employee safety, health and wellbeing
- Attract and retain the best talent
- Aligned and empowered culture, transitioning to world class levels of employee engagement
- Learning culture – development at every level
- Strong internal talent pipeline realised through development programmes
- Diverse and inclusive workforce
- Quality communication and easy access to information, learning and support in a way that suits the employee
- Strong ethics and compliance mindset

Measuring success

- Employee engagement scores
- Employee turnover
- Internal promotions/succession
- Recruitment quality of hire metrics
- Diversity metrics
- Training completions
- Reported ethics/compliance breaches

Progress in 2020

- Global employee support response to pandemic (see more on page 11)
- Introduction of global Employee Assistance Programme (EAP) with enhanced wellbeing support
- Launch of Signature Employee Hardship Fund
- Introduction of formal talent review process for every employee
- Introduction of global wellbeing newsletter and wellbeing materials
- 2019 Engagement Survey local action plans implemented, and 2020 survey conducted
- New standard induction programme for new joiners. Cultural orientation plus 11-day curriculum for new field employees
- New General Manager in Training programme (GMIT) and supervisory skills programme
- Significant expansion of 'Propel' online multi-media training content and virtual classrooms
- Self-owned talent management and development system
- New Diversity & Inclusion strategy and metrics
- Further expansion of internal communication activities
- New compensation and benefits strategy
- Updated Code of Business Ethics

The Signature Long Beach (LGB) team celebrate passing their annual goal of 1,000 community volunteer hours.

Plans for 2021

- Grow active and interventional wellbeing programme
- 2020 Engagement Survey local action plans and engagement 'coaches'
- Talent review process to run twice per annum
- First cohort to join new Emerging Leaders Programme
- Extend GMIT programme to central functions
- New Executive development programme
- Introduce more 'bitesize' learning
- Use recruitment process to attract more diverse candidates
- Train network of internal diversity and inclusion champions
- Simplification of employee benefits

Customer experience

**Deliver a personalised experience right,
the first time and every time**



Key areas of focus

- Consistent, personalised customer experiences
- Enhanced FBO customer amenities
- Empowered customer service team
- Safety and health – throughout our operations
- Smart technology to make it easier for customers to do business with us

Measuring success

- Customer survey
- Customer transaction time
- Order fulfilment accuracy
- New service offerings
- Operational performance
- Benchmarking standards across the network

Progress in 2020

- New construction/renovation/infrastructure projects (see Growth section above)
- Launch of Signature Assure health and safety brand – standardised network approach to safe customer experience during the pandemic
- Implemented phases 1 and 2 of global Signature Service programme – *Serve well and Recover well*
- Launched global brand standards
- Customer experience survey comparison report tool available to General Managers
- Implementation of EPIC project to track and upgrade every step of the customer experience from order to delivery
- SIGnet 2.0 roll out to EMEA and piloted mobile platform

Plans for 2021

- Roll out phase 3 of global Signature Service programme – *Care well*
- Uniform refresh
- Continue to test new customer innovations and improvements
- Expand brand standards audit programme
- Complete SIGnet 2.0 roll out to EMEA and mobile
- Deploy tools to make it easier for customers to do business with Signature

Our Signature Assure brand promotes our network approach to providing a safe customer experience during the COVID-19 pandemic.

Environmental and social

Recognised as environmentally and socially responsible leaders in our communities



Key areas of focus

- Identify and address risks and opportunities presented by climate change
- Achieve Net Zero operational carbon footprint by 2050
- Embed environmental considerations into investment decisions e.g. real estate and procurement
- Expand solar installation programme where viable
- Grow availability and adoption of Sustainable Aviation Fuel (SAF)
- Lead/partner on industry carbon and environmental projects
- Long range planning for the introduction of new technologies to support Net Zero
- Ethical business practices
- Promote volunteering, charitable giving and long-term partnerships with appropriate organisations
- Support our local communities

Measuring success

- Environmental metrics
- Lower emission/efficient/electrified GSE fleet
- LEED certified FBOs
- Solar installations
- SAF availability
- Community volunteering, fundraising and partnerships
- External ESG ratings
- Power returned to the grid

Progress in 2020

- Rated 'A' by CDP (previously Carbon Disclosure Project)
- Completed environmental sustainability review and launched Net Zero carbon targets and Signature Renew™
- LEED Silver certified build projects at Atlanta (ATL) and Newark (EWR)
- Solar installations active or planned at 15 locations
- Further investment in electric/lower impact GSE
- Strategic partnership on SAF with Neste and NetJets and establishment of permanent SAF supply at San Francisco (SFO) and London Luton (LTN)
- Environment metrics rolled into visual General Manager data tool
- New Third Party Vetting Policy and Procedures
- Updated policy on Anti-bribery, gifts and entertainment
- Local community action during COVID-19 pandemic including supporting movement of medical supplies and military, first responder and government personnel
- Partnership with Veterans Airlift Command on operational support and fundraising

Plans for 2021

- Continued inclusion of environmentally friendly build materials and systems across all building and renovation projects
- LEED projects at Bedford (BED) and Des Moines (DSM)
- Planning for LEED/LEED equivalent certification where appropriate on build project pipeline
- Extend SAF provision to new locations as well as EPIC and Signature joint SAF projects
- Continued expansion of lower impact equipment and solar installations
- Review solar viability at further 15 US locations and six EMEA locations
- Roll out electric crew cars to more locations
- Maintain and expand community partner relationships
- New charitable matched giving programme

Signature Area Director Isaac Lee works with other team members supporting a Florida food bank.

Financial Key Performance Indicators

Organic revenue growth¹

Organic revenue growth is a measure of the underlying growth of the business. It excludes the impact of foreign currency, fuel price fluctuations and any contribution from acquisitions and disposals.

Underlying EBITDA¹

Underlying EBITDA measures the operating financial performance of the business. It is defined as EBITDA before exceptional and other items.

Adjusted earnings per share¹

Adjusted earnings per share measures the profit attributable to shareholders after interest and tax. It excludes the impact of exceptional and other items.

Cash conversion¹

Cash conversion measures how effectively we convert operating profit into cash. Focusing on this measure encourages strong discipline in the management of working capital and decisions on capital deployment, enabling us to continue to invest in growth opportunities.

Return on invested capital¹

Measuring ROIC ensures we are focused on the efficient use of assets and capital, with the target of operating returns generated across the cycle exceeding the cost of holding the assets. ROIC is calculated by dividing underlying operating profit for ROIC by invested capital for ROIC.

Dividend per share

Our dividend payout reflects our effective management of capital and the inherently cash generative nature of the Signature business. The Board has a progressive but sustainable dividend policy with the aim of increasing dividends in line with long-term underlying growth in earnings.

2016 to 2018 data shown as Pre IFRS 16. 2019 and 2020 data shown as Post IFRS 16.

¹ Defined and reconciled to reported financials under Alternative Performance Measures (APMs).

See note 30. Refer to note 6 for adjusted earnings per share calculation.

² Restated for an adjustment relating to pensions

³ A special dividend of 80.71c was paid on 13 December 2019.

Group Finance Director's Review

The Group has generated free cash flow throughout the pandemic period. This, combined with effective cost management, has enabled us to continue to invest for the future.

David Crook
Group Finance Director

Key financials

\$m	2020 Total Group ¹	2020 Continuing	2019 Total Group ¹	2019 Continuing	Change ²
Underlying results³					
Revenue	1,921.3	1,413.9	3,017.4	2,260.5	(37.5)%
EBITDA	400.4	351.6	607.6	482.0	(27.1)%
Operating profit	241.6	192.8	441.1	320.8	(39.9)%
Profit before tax	114.2	69.4	292.0	177.2	(60.8)%
Basic adjusted EPS	10.5¢	6.1¢	25.6¢	16.3¢	(62.6)%
Statutory results					
Revenue	1,921.3	1,413.9	3,017.4	2,260.5	(37.5)%
EBITDA	385.9	337.1	565.5	439.9	(23.4)%
Operating profit	153.4	104.6	312.7	204.9	(49.0)%
(Loss)/profit before tax	(17.1)	(24.2)	722.2	23.4	(203.4)%
Basic unadjusted (loss) EPS	(1.2)¢	(2.3)¢	65.2¢	4.0¢	(157.5)%
Dividend per share	–	–	4.20¢	–	(100)%
ROIC, Cash Flow and Net Debt⁴					
Return on invested capital	6.1%	5.2%	9.9%	8.5% ⁴	(330)bps
Free cash flow	43.1	25.9	187.2	129.1	(79.9)%
Net debt	(2,183.5)		(2,250.7)		(3.0)%
Net debt (Bank covenant basis)	(977.8)		(1,005.7)		(2.8)%
Net debt to underlying EBITDA ⁵	3.7x		2.2x		1.5x

¹ From continuing and discontinued operations.

² Change represents the year over year difference for the continuing Group, except for dividends, net debt and net debt to underlying EBITDA which are on a Total Group basis.

³ Defined and reconciled to reported financials under Alternative Performance Measures (APMs). See note 30.

⁴ 2019 restated for an adjustment relating to pensions

⁵ Net debt to underlying EBITDA calculated on a covenant basis.

Overview

Overall Signature Aviation delivered a resilient performance in 2020. We experienced significant declines in flight activity in Q2, as stay-at-home restrictions were imposed in response to COVID-19, after a Q1 in which we performed in line with our expectations. Signature's largest cost, fuel, naturally flexes with flight activity but swift management action on our other costs, to best align labour levels to flying and tenant activity, were taken which mitigated some of the volume impact in the first half. Our improved second half performance reflects a recovery in levels of US B&GA flight activity and \$56.3 million of CARES Act funding, from our total funding of \$61.2 million, which has supported our US payroll costs.

As we announced on 17 February 2021, we have reached agreement to sell the ERO business to StandardAero, a portfolio business of The Carlyle Group, for a gross consideration of \$230 million. The gross consideration is expected to deliver approximately \$140 million of net proceeds subject to tax recovery after purchase price adjustments, change of control fees, income taxes, professional transaction fees and other costs. In the second half we recorded an impairment charge of \$41.7 million in respect of ERO, to reflect the fair value less costs to sell.

Continuing Group revenue decreased by 37.5% to \$1,413.9 million (2019: \$2,260.5 million) due to the impact of COVID-19 on flight activity.

- The organic revenue of Signature declined 26.2% in 2020 after adjusting for the contribution from IAM Jet Centre, acquired in August 2019 and TAG Aviation FBO SA acquired in July 2020 (\$17.9 million), the impact of lower fuel prices (\$188.5 million), leap year effect of (\$3.3 million), foreign exchange movements (\$1.9 million) and FBO divestments in 2019 (\$9.7 million). EPIC saw organic revenue decline in 2020 of 38.5%.

Continuing Group underlying operating profit decreased by 39.9% to \$192.8 million (2019: \$320.8 million).

- Underlying operating profit performance in Signature was \$219.3 million (2019: \$355.3 million). Performance was impacted by COVID-19 despite decisive management action taken on both our variable costs

and elements of our fixed cost base. We took a conscious decision to remain open throughout our network, although while we navigated the CARES Act process, we were constrained from taking the required action on our labour costs. We subsequently received \$61.2 million of CARES Act grant income which was used to offset against US payroll costs, primarily during the second half. EPIC reported an underlying operating loss of \$1.9 million (2019: \$5.7 million profit) as a result of reduced flight activity due to stay-at-home measures imposed in response to COVID-19 and inventory losses due to the subsequent material reduction in global fuel prices due to excess supply.

- Underlying central and support costs were down at \$13.0 million (2019: \$25.9 million), reflecting management action on costs, including suspension of bonus plans for FY20, travel and overheads.

Continuing Group operating profit on a statutory basis decreased 49.0% to \$104.6 million (2019: \$204.9 million) due primarily to the impact of COVID-19 on flight activity.

Continuing Group underlying net interest, including the impact of IFRS 16, was \$123.4 million (2019: \$143.6 million). The decrease in underlying net interest of \$20.2 million reflecting lower net debt and lower interest rates.

Continuing Group underlying profit before tax was \$69.4 million (2019: \$177.2 million). This reflects the impact of COVID-19 on underlying operations in 2020.

Continuing Group loss before tax on a statutory basis was \$24.2 million (2019: \$23.4 million profit).

Continuing Group underlying tax was a charge of \$18.7 million (2019: \$12.1 million charge). The tax charge reflects the impact of tax legislation changes in both the US and UK resulting from the impact of COVID-19. Cash taxes increased to a net outflow of \$74.8 million (2019: \$41.7 million outflow) due primarily to the settlement of \$63.2 million US taxes related to the gain on the sale of Ontic.

Continuing Group basic adjusted earnings per share was 6.1¢ (2019: 16.3¢ earnings per share). Continuing Group basic unadjusted loss per share was (2.3)¢, (2019: 4.0¢ earnings per share).

Exceptional and other items after tax, for continuing and discontinued operations, totalled costs of \$96.5 million (2019: \$400.0 million of income) of which \$26.8 million (2019: \$524.1 million income) related to discontinued operations. Key components for continuing operations are the non-cash amortisation of acquired intangibles accounted for under IFRS 3 (\$73.7 million), restructuring expenses (\$8.6 million), impairments (\$4.6 million) incurred predominantly as a result of our decision to close the Paris-Le Bourget T3 FBO (whilst continuing to operate from T1) and \$5.0 million relating to costs associated with previously disposed businesses.

Total Group free cash flow was an inflow of \$43.1 million (2019: \$187.2 million inflow). This reduction resulted primarily from the reduction in flight activity due to COVID-19, an exceptional cash outflow of \$24.7 million paid in January for indemnification and associated legal fees with respect to previously disposed businesses and the settlement of \$63.2 million US taxes related to the gain on the sale of Ontic. *Adjusting for these non-operational cash flows demonstrates that the business despite being severely impacted by the COVID-19 disruption, remained strongly net cash flow positive through decisive management actions on operating costs. Net cash inflow from operating activities was \$306.3 million (2019: \$407.0 million).*

Free cash flow for the Continuing Group, pre-exceptional and Ontic tax cash flows was a \$116.0 million inflow (2019: \$212.0 million inflow).

Total Group gross capital expenditure amounted to \$84.3 million (2019: \$80.6 million). Principal FBO capital expenditure items include investment in Signature's FBO developments at Atlanta, FBO renovation at Washington Reagan, remodelling of our FBO at Washington Dulles and a hangar purchase at Baton Rouge. In light of the COVID-19 uncertainty we initiated a material reduction in our previously guided capital expenditure for the full year, while still delivering on certain growth capital projects, however as the market rebounded positively we flexed upwards our capital expenditure to support this improving trend.

Cash flows on exceptional and other items were an outflow of \$28.6 million (2019: \$16.4 million outflow) and are largely a result of settlement of legal matters relating to a previously disposed business and costs associated with the disposal process of the ERO business.

The Total Group made \$3.3 million of pension scheme payments (2019: \$8.0 million). Previously agreed deficit contributions of £2.7 million per annum through to March 2030 in respect of the UK defined benefit pension plan continue to be paid on a quarterly basis.

Acquisition cash flow during the year was \$20.4 million (2019: \$65.3 million spend, net of cash acquired). The Group acquired FBO operations at Geneva and Sion from TAG Aviation for \$20.9 million, net of cash acquired and received a rebate with respect to the prior year purchase of IAM Jet Centre of \$0.5 million following the finalisation of the working capital true up. On 2 March we sold our 24.5% stake in the joint venture with GAMA Aviation for \$20 million, of which \$12.5 million was received on completion. The balance of \$7.5 million in the form of a promissory note will be received over 8 equal instalment payments plus compounding interest over the four years post completion. We received our first instalment under the promissory notes during the third quarter, amounting to \$1.1 million.

Net debt on a reported basis decreased to \$2,183.5 million (FY 2019: \$2,250.7 million). CARES Act funding of \$79.8 million was awarded in June which comprised \$61.2 million of US payroll support in the form of a grant and a \$18.6 million promissory note. Of the \$79.8 million awarded, \$59.8m was received in the first half, split \$50.0 million grant and a \$9.8 million promissory note. Net debt to underlying EBITDA on a covenant basis increased to 3.7x (FY 2019: 2.2x). Interest cover on a covenant basis decreased to 5.6x for the 12 months to December 2020 (FY 2019: 6.9x).

Total Group Return on Invested Capital (ROIC) reduced by 380 bps to 6.1% (FY 2019: 9.9%) as a result of the impact of COVID-19 on flight activity.

In the light of the continued uncertainty around the COVID-19 pandemic and to preserve our balance sheet strength and liquidity, the Board has taken the prudent decision to continue the suspension of dividend payments.

Liquidity and balance sheet position

At the end of December 2020 our RCF facility was undrawn, we had \$400 million of undrawn facilities. With cash of \$171.1 million, this represents total headroom of over \$570 million.

Signature Aviation entered the pandemic in a strong financial position. We have proactively taken decisive steps to preserve our liquidity, including significant operating cost rationalisation, reducing planned capital expenditure and suspending the Group dividend. Net debt to underlying EBITDA on a covenant basis at 31 December 2020 was 3.7x.

The Group's committed debt facilities consist of two tranches of US senior notes; \$650 million 4.000% senior notes due March 2028 and \$500 million 5.375% notes (issued in April 2018) and due in May 2026, all notes are unsecured. In addition, the Group has a \$400 million RCF facility on which our relationship banks agreed a one-year extension on the second anniversary of the facility, to March 2025.

In July, the Group took the precautionary measure of agreeing a covenant waiver for the testing periods ending 31 December 2020 and 30 June 2021 with our group of relationship banks for our \$400 million unsecured RCF facility expiring March 2025. A covenant waiver was not required for the period ending 30 June 2020 and the Group was in compliance with its banking covenants as at 30 June 2020. As part of the agreement to waive our banking covenants we have agreed a minimum liquidity threshold (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) at \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF facility be drawn at these additional dates. These financial covenants are only related to our RCF facility, our unsecured US bonds do not contain any financial covenants.

Continuing operations financials

\$m	Signature ¹	EPIC	Continuing operations
2020			
Revenue	1,198.5	215.4	1,413.9
Organic revenue growth	(26.2)%	(38.5)%	(28.4)%
Underlying operating profit/(loss)	219.3	(1.9)	217.4
Constant fuel margin	18.3%	(0.9)%	15.4%
Operating profit (on a statutory basis)			136.0
Underlying EBITDA			375.2
Operating cash flow			292.6
Divisional return on invested capital			5.9%
2019			
Revenue	1,793.2	467.3	2,260.5
Organic revenue growth	0.9%	(10.8)%	(0.6)%
Underlying operating profit	355.3	5.7	361.0
Constant fuel margin	22.2%	1.6%	18.5%
Operating profit (on a statutory basis)			284.7
Underlying EBITDA			521.2
Operating cash flow			421.6
Divisional return on invested capital			9.6%
Year on year change			
Revenue	(33.2)%	(53.9)%	(37.5)%
Organic revenue growth	(27.1)%	(27.7)%	(27.8)%
Underlying operating profit	(38.3)%	(133.3)%	(39.8)%
Constant fuel margin	(390)bps	(250)bps	(310)bps
Operating profit (on a statutory basis)			(52.2)%
Underlying EBITDA			(28.0)%
Operating cash flow			(30.6)%
Divisional return on invested capital			(370)bps

¹ Including Signature FBO and TECHNICAIR™.

Signature

Signature revenue decreased 26.2% on an organic, constant currency basis. On a reported basis revenue was down 33.2% to \$1,198.5 million (2019: \$1,793.2 million) as a result of lower fuel prices of \$188.5 million, foreign exchange movements of \$1.9 million and divestments of \$9.7 million. These impacts were partially offset by the acquisition of IAM Jet Centre and TAG Aviation FBO SA generating incremental revenue of \$17.9 million. This was delivered against a backdrop of US B&GA movements (source: FAA) which were down 22.2% for the year to December 2020.

Our performance gap to the US B&GA market following the significant impact of COVID-19 from the second quarter is explained by our regional mix of business; our network is heavily weighted to the North East (NE) region, serving major metropolitan areas and international movements. The NE has not only seen a delayed recovery versus the rest of the US, due to stay-at-home orders remaining for longer, but is also more exposed to business-related flying and has therefore lagged leisure destinations in the second half of 2020. The recovery mix, with the charter segment driving this through both leisure and personal usage and new entrants/users to B&GA, and the materially lower international traffic has also resulted in a weighting to smaller and mid-sized planes versus the larger jets flying on longer legs, including transatlantic with a resultant reduction in average fuel uplifts which in turn has also limited our ability to outperform the overall US B&GA market.

Our new initiatives such as Signature Assure and Signature Renew aim to ensure new B&GA customers can fly both responsibly, as we increase the availability of sustainable aviation fuel, and are 'sticky' to the industry and also to Signature. Signature Assure gives our customers clarity and confidence in our network standards for base safety and cleanliness as they return to flying or use Signature for the first time.

Although the mix of business, both regionally and by plane size, results in underperformance against our usual comparator, the US B&GA movements data from the FAA, overall at the locations where we operate, we believe we are capturing more than our share of business. We believe this is evidence of both the 'network effect' with certain operators contracted with us but also our ability to utilise pricing optimisation algorithms for the deployment of new pricing points into the market.

While flight activity has seen a material decline affecting our fuel and certain non-fuel revenues directly related to flight movements, approximately half of our non-fuel revenues, predominantly related to real estate, have been much less affected by COVID-19. Around half of our non-fuel revenue is directly related to flying such as handling charges, ground handling, de-icing and ancillary revenue such as car hire and hotel bookings, and these activities have fallen at a rate consistent with the reductions seen in flight activity. TECHNICAir™ experienced a reduction in in-line maintenance workloads reflecting the reduced flight activity.

Underlying operating profit in our Signature business was down 38.3% to \$219.3 million (2019: \$355.3 million) due to the impact of COVID-19 on flying activity as stay-at-home orders were implemented. The pressure on operating profit performance was partly mitigated by management action on direct operating costs and indirect overheads along with the application of CARES Act grants received during the year.

Signature's largest cost, fuel, naturally flexes with the volumes in the market and we held less than a week's inventory across the network going into the COVID-19 impact period. Furthermore, as has always been the case, we set our retail fuel prices weekly and are therefore largely protected from the current volatility in fuel costs.

Our next largest cost is direct labour. Our intention has been to preserve the employment of as many people as possible during the pandemic. We took immediate action to furlough staff in our European business, the majority under the UK Government scheme, but there was a delay to furloughing in the US while we awaited the decision under our CARES Act application for payroll support. However, we were able to reduce direct labour hours in our US business in April while preserving our labour pool to ensure compliance with all safety operating procedures and the operating standards at each of the airports at which we operate. At the beginning of May, when the US CARES Act decision was not forthcoming, we furloughed some of our US employees without government support. Overall action taken through hours reductions and our furloughing reduced our direct labour hours by over 50% compared to pre-COVID-19 levels; though this action in the US, which is 90% of our Signature business, lagged the flight activity reductions we had experienced from late March.

In mid-June we were notified that our CARES Act application had been approved and we were awarded \$79.8 million (\$61.2 million in the form of a grant) in support of our US payroll. This enabled us to bring all furloughed US staff back into our business as the market recovery continued. Of the \$61.2 million of grant funding received, \$4.9 million was utilised during the first half to meet Signature US payroll costs in June and the remainder of \$56.3 million was used to fund these costs during the second half.

In the early stages of the pandemic we also took action across our less variable/fixed cost base, including rent reductions and deferrals at some of the airports where we operate. Overall, in the first half, the drop through impact to operating profit was c.40% for a near 30% decline in organic revenue. This is reflective of our previous guidance on our cost structures with approximately 75% variable and 25% fixed. Drop through levels improved during the second half to 23.2% given the additional application of CARES Act grants to cover US labour costs, and we saw a significant recovery in flight activity against the 77% decline we experienced in April.

Underlying operating margin in Signature was 18.3% (2019 on a constant fuel price basis: 22.2%) and reflects the material reduction in flight activity as a direct result of COVID-19.

EPIC

EPIC contributed revenues of \$215.4 million (2019: \$467.3 million) and an underlying operating loss of \$1.9 million (2019: \$5.7 million profit). Revenue was impacted by a reduction in fuel prices of \$117.8 million. Organic revenue declined by \$134.8 million as a result of lower flight activity directly related to COVID-19. The overall operating loss reflects the reduction in flight activity at EPIC's FBO customers and losses incurred on fuel inventory held at the point at which stay-at-home orders came into force which resulted in fuel prices falling significantly in response to excess supply.

Total Continuing Operations

Continuing Operations overall revenue, which includes Signature and EPIC, decreased by 37.5% to \$1,413.9 million (2019: \$2,260.5 million). Organic revenue decreased by 28.4%.

Operating profit on a statutory basis of \$136.0 million decreased by 52.2% (2019: \$284.7 million) due to the material reduction in flight activity as a result of COVID-19.

Operating cash flow for Continuing Operations, decreased to \$292.6 million (2019: \$421.6 million), principally due to the material reduction in flight activity as a result of COVID-19.

Return on invested capital was 5.9% (FY 2019: 9.6%).

Our FBO network

There are 192 locations in Signature's market-leading owned global network, including 13 Signature Select® franchise locations. EPIC services 162 privately owned, EPIC branded independent FBOs and a further 101 unbranded locations. Our existing Signature Select® branded locations are complementary to EPIC's FBO locations and are now managed as part of the EPIC network and are reduced in the period as we withdrew from six Austrian handling locations. This creates an unrivalled branded network of over 350 FBO locations, with network relevance of 68%, with around a third of our owned locations being sole source. The quality and network relevance of our real estate asset base provides us with an unrivalled platform across which we will leverage our strategic initiatives.

Strategic initiatives

Our strategic pillars have continued to serve the Signature business and management focus on these pillars has remained during the COVID-19 crisis.

Growth

In line with our strategic growth target to grow customer value through expanding our network and offerings, in the depths of the pandemic in July 2020 we were pleased to complete our acquisition of TAG Aviation FBO SA. It comprises two FBOs in Switzerland; the strategically important location in Geneva, a Signature target for some time, and Sion which serves the nearby mountain leisure demand. Geneva is the second largest trafficked General Aviation (GA) FBO in EMEA, with strong connectivity to other locations in our European network such as Paris, Luton and Nice.

In the year, in keeping with our focus on investing for the future, we also acquired the remaining 40% minority stake in our Italian business from SEA Prime, which includes FBOs at Milan Linate, Milan Malpensa and Rome Ciampino as well as trip support arrangements at a further six Italian locations. Furthermore, we have undertaken new build and renovation projects at our FBOs located in Atlanta, Newark, Teterboro, Baton Rouge, Eastern Iowa, Washington Dulles and Washington Reagan.

However, we remain financially rational with regards to our FBO network and during the year we also took the decision to close our T3 FBO at Paris Le Bourget and focus the operations from a single FBO at T1 Paris Le Bourget.

Our commitment to add new services across our already invested real estate network is ongoing. Signature has full end-to-end management of our fuel card programme, associated transaction processing and data capture previously managed by EPIC. During the initial months of the COVID-19 disruption, we took a more cautious approach to increasing this card penetration, but we refocused during the second half on delivering growth from our branded fuel card with overall card penetration of 10.4% at 31 December 2020.

Our US roll-out of the ELITE Class™ service will be dependent on a recovery in commercial flying but interest is high given the pandemic. We remain convinced that this service, enabling the safe and efficient interconnect for commercial passengers through our real estate facilities, thus avoiding commercial terminal facilities, has even greater appeal in the post-COVID world. The existing VIP suite service offered at the IAM Jet Centre locations in Barbados (BGI) St Lucia (UVF) and Grenada (GND) has enhanced our offering and our dedicated ELITE Class terminal at Atlanta will be operational in due course. We believe this is further evidence of Signature redefining the market reach for B&GA infrastructure.

We continue to evaluate initiatives to further enhance and fortify Signature's unique real estate network as we lead the development of the FBO industry.

Operational efficiency and process improvement

The work undertaken last year in establishing labour efficiency benchmarking across the US network, as part of our Labour Efficiency and Equipment Productivity (LEEP) initiative has proved invaluable in executing flexible working patterns in response to COVID-19. This has been of particular use as the mix of recovery traffic has switched our peak times to the weekend from weekdays. We use information from our SIGnet 2.0 FBO management system to enable field teams to efficiently forecast, plan and manage labour demand. We have also commenced the roll out of the SIGnet 2.0 system to EMEA and have started to pilot an employee mobile service platform to many of our US operations. In response to the pandemic we have also created the Signature Recovery playbook which is our standardised network approach to our safe operation for the protection of employees and customers.

For our fleet of Ground Service Equipment (GSE) we remain focused on providing the right level of GSE at each location, while reducing the total cost of ownership per operating hour. We are working with our supply chain to deploy low emission, efficient and/or electric models. We have reduced the overall levels and total costs of equipment deployed across our network and, in particular, have retired legacy, less efficient GSE units with typically higher emission levels.

Employee experience

Our strategic aim is for Signature Aviation to be a company where everyone wants to work and thrive. The safety, welfare and wellbeing of our employees has been our utmost priority during COVID-19. Our intention has been to preserve the employment of as many people as possible, protect employee health and safeguard wellbeing; and communicate pro-actively, providing the information and tools needed for people to work through the pandemic safely and confidently.

We have ensured the cadence of our regular communications has increased and additionally we have introduced multi-channel communications where our staff in the FBOs hear first-hand about all initiatives from the Signature Leadership Team.

As previously noted, in the early stages of mitigating the impact of COVID-19, management took the necessary steps to best match our labour costs to flying and tenant activity, and in the US, which represents around 90% of our business, the hours reductions and furloughs reduced our direct labour hours by over 50% compared to pre-COVID-19 levels.

In April we made an application under the CARES Act for US payroll support and in June we were notified that our application had been approved. This enabled us to take swift action to bring all furloughed US staff back into our business, despite flying demand not warranting this level of labour costs. The CARES Act funding support has been used solely to fund the payroll for US Signature employees.

In the second quarter of 2020 in recognition of the circumstances affecting many of our employees and the communities in which we operate, our Board and Signature Leadership Team took a 20% fee and salary reduction, and these savings were used to establish an Employee Hardship Fund, with a dollar match by the Company. The Signature Aviation Hardship Fund continues to actively distribute financial support to employees in need and to date we have distributed over \$310,000 to employees, with \$198,500 remaining in the Fund.

We have recently welcomed our first graduates from our Manager in Training (MiT) programme which provides visibility on career progression to our employees in the field and a number have already been promoted to General Manager roles. Following the success of the MiT, we have re-launched a new, similar programme targeted at employees who wish to become base General Managers (GMiT) over the next 1-2 years. We have chosen 28 leaders to participate in the 2020 GMiT programme. Another new programme, designed to cover key development and transition needs for all functional team members aspiring to their first manager role, is the Emerging Leaders Programme. This six month scheme focuses on people leadership skills such as leading a team and effective communication.

We recognise that diversity and inclusion (D&I) are important factors underpinning our future success – our goal is to have a truly diverse and representative workforce and to be seen as a safe environment where people are free and confident to be themselves. In 2020 our D&I Committee launched a dedicated strategy, to be implemented in full in 2021, and D&I training is being rolled out across the Group. We will also be focusing on D&I in recruitment, development, communications and coaching.

In 2020 we also launched an Employee Assistance Programme (EAP) for our US employees to provide enhanced wellbeing support to our team members.

To retain the best talent, we have introduced formal talent review and development programmes for all employees which are designed to identify and nurture talent at every level of the organisation. During 2020 there has been a significant expansion of our online offering of multi-media training on our online learning system 'Propel', which includes virtual classrooms; and we provide access to LinkedIn Learning.

We remain focused on our desire to achieve world class levels of employee engagement as evidence shows that employee engagement is a fundamental driver of safer, happier, healthier and productive teams. At the end of 2020 we completed our third annual employee engagement survey undertaken with Gallup and are delighted that participation rates increased to 93% across the Group (up from 84% in 2019) and our percentage of engaged employees had increased to 53% (2019: 45% engaged). Local engagement action plans have advanced during the COVID-19 period as we focused on building on the results of the engagement survey undertaken at the end of 2019, which showed good improvements across all metrics.

Customer experience

This pillar of our strategy ensures that we deliver a personalised experience right, the first time and every time. To do this we are focused on better understanding our customer needs and then meeting them. Utilising new customer survey data, from a survey programme launched in late 2019, ensures we focus on those areas which will achieve the best results.

As we entered the recovery phase in flight activity, and as part of our commitment to maintaining the highest safety, health and wellness standards in the FBO industry, we launched SignatureAssure, which sets the standard for an industry-leading approach to training, technology, and operating procedures. It is our way of showing that we stand by our commitment to ensure the health and safety of our team members, our visiting flight crews, and those travelling across our FBO network.

Our customer experience survey programme provides both immediate data that can be used at base level to correct issues in real time and strategic insights to drive medium- and long-term plans. Customers are encouraged by our teams to complete the survey when they visit with various incentives available if they do so. The survey methodology also provides an opportunity to benchmark performance against other organisations in other industries. During 2020 we also implemented phases 1 and 2 of a new global, Signature Service programme – Serve well and Recover well to all base team members and phase 3 – Care well will be rolled out in 2021.

At EPIC the team implemented a project during the year to track and upgrade every step of the customer experience from order to delivery.

Environmental and Social

Leading the industry on environmental matters is a fundamental part of Signature's strategy. We have a critical role to play in reducing climate-related risk and, as the largest global FBO network, we have a responsibility to raise the bar and drive change. We also see this as an opportunity to create value through further differentiation and engagement with customers and airport partners as environmental requirements grow, and with our employees and potential employees who place a high value on social and environmental responsibility.

In 2020, following a detailed review of options for increasing environmental sustainability, the Signature Aviation Board committed to the Paris Agreement Goal to reduce our controllable Scope 1 and 2 emissions to Net Zero by 2050, at the latest. We have established a clear baseline from our 2018 data for current emissions and our milestones over the next thirty years are to deliver a minimum 29% reduction in emissions by 2025 and a 50% reduction by 2030. Our Scope 1 emissions incorporate the fuel and heating required for us to run our FBOs and our Ground Support Equipment (GSE) and other vehicles. Our Scope 2 emissions primarily cover the electricity we purchase.

Clearly, emissions from aviation fuel used by customers (classified as Scope 3 emissions) constitute the vast majority of emissions. While we have no direct control over these emissions, we have made good progress in 2020 to support reduced Scope 3 emissions through initiatives such as the wider availability of SAF in the Signature FBO network. Reaching Net Zero in the aviation industry will require significant investment in new technologies, much of which does not presently exist today, as well as policy alignment, with carbon offsets closing any gap.

We are delighted that we have recently received an A rating from the Carbon Disclosure Project (CDP) which is given to companies demonstrating leadership, transparency and action on climate change.

Signature Renew

To drive innovation and progress all our initiatives are brought together under our global environmental sustainability programme Signature Renew. Under our Renew brand, in late 2020 Signature became the world's first FBO network to establish a permanent supply of Sustainable Aviation Fuel (SAF) for customers at two key gateway B&GA locations, with the aim of accelerating adoption of SAF in the B&GA industry and enabling our customers to fly more responsibly.

SAF is supplied through a strategic partnership with Neste and is currently permanently available at Signature San Francisco (SFO), London Luton (LTN), Van Nuys (VNY), Boeing Field (BFI) and Mobile (BFM) and we intend to roll out further new locations in the near future. Signature's initial commitment to purchase 5 million gallons represents a significant stimulus to global supply of SAF to B&GA. Furthermore, we are supported by our largest customer, NetJets, which has agreed to purchase up to 3 million gallons of SAF to fully supply its fuel needs at SFO and at its global headquarters at Columbus International (CMH).

EPIC also has significant experience in SAF logistics and supply and is working with Signature on a number of SAF projects including a request from a third party to procure and supply 2 million gallons of SAF through the Signature network. We now have five locations across our network which are able to supply SAF and are looking at a further 6 locations in 2021.

Environmental considerations are embedded into our investment decisions to deliver more environmentally friendly FBO terminals and hangars, which includes powering our facilities with solar and using sustainable and environmentally supportive building materials. Initiatives we are rolling out are detailed below:

Real estate – we currently have eight FBO buildings in the network which are either LEED (Leadership in Energy and Environmental Design) certified or LEED Silver certified along with eleven hangars/ancillary buildings with further projects in progress. On three further projects at Teterboro (TEB), Newark (EWR) and Bedford (BED) we are working to deliver LEED equivalent sustainability standards with the airport authorities and the US Green Building Council. Furthermore, we are continuing to replace our old and inefficient hangar heating systems and hangar lighting which will contribute to reducing our Scope 2 emissions.

With a focus on reducing our Scope 2 emissions we have solar panels installed at ten locations and in 2020 we generated 4.7 million KW of clean energy. We have an additional 15 locations under review for suitability in the US in 2021, and 6 locations in EMEA.

Operations and equipment – we have many electric items in our GSE fleet, as well as hybrid electric crew cars available at 11 locations. We have customer electric car charging points at 20 locations and are targeting 30-35 locations by the end of 2021.

Alternative technology models of heavier items such as fuel trucks are not yet commercially available, so our renewal programme is focused on vehicles with low emission, efficient diesel engines. As a large purchaser of GSE, we have a significant opportunity to influence our supply chain and drive new product development as well as support new models coming to the market.

A responsible business – our approach to resources and relationships

Behaving in a responsible way and considering the needs of all of our stakeholders is deeply embedded in our culture and strategy. It drives our reputation and underpins the long-term sustainability of the business and our financial performance. We believe that business has a critical role to play in environmental and social matters and aim to lead the B&GA sector in this area.



Culture and Values

The Board takes overall responsibility for our company culture, setting direction and determining key policies. During 2021 we will refresh our Purpose and Values to ensure that they appropriately support the needs of the organisation, our stakeholders, and our objectives. Until such time, our teams are aligned under our Strategic Flight Plan initiatives and our existing Values – performance, safety, people, service, responsibility and integrity.

External measures

Since 2006, as BBA Aviation plc (and now as Signature Aviation plc), we have been a member of the FTSE4Good Index.

We are preparing for the introduction of the Task Force on Climate-related Financial Disclosures (TCFD) Listing Rule.

We participate in the CDP (formally branded as the Carbon Disclosure Project) Climate Change Questionnaire, and were extremely pleased to join CDP's prestigious climate A-list following our 2020 submission. An A rating is given to companies demonstrating leadership, transparency and action on climate change.

Our Huntsville (HSV) team give back by giving blood.



Ethics and compliance

Our suite of ethics policies sets out our commitment to the highest standards of integrity and ethical conduct and ensures that our business relationships and our supply chains are managed in line with our culture and strategy, and that we comply with all applicable laws, rules and regulations in the jurisdictions in which we operate.

Our Code of Business Ethics, which was refreshed during 2020, is the cornerstone of our ethical mindset and corporate and compliance programmes. Flowing from the Code, our other policies, procedures and internal controls are designed to address specific ethical matters, conduct or risks in a more comprehensive manner.

These include our Third Party Vetting Policy and Procedures, which are a critical part of our efforts to avoid doing business with persons or entities who may be involved in behaviours that are unethical or that we consider to be unethical. It is mandatory that the Policy and Procedures are followed prior to engaging/contracting with an external or third party, with the appropriate due diligence and active monitoring being undertaken centrally by the Signature legal team.

We are committed to fostering an open working environment where concerns can be readily raised and grievances are properly addressed in a timely and confidential manner. Our Ethics Hotline for reporting breaches of policy, or other ethical concerns, is available 24-7, and our teams are encouraged to contact our legal team to discuss any queries. Retaliation for reporting concerns is strictly prohibited, and we aim for transparency and communication during investigations to foster a reporting culture. An annual summary of disclosures is prepared for the Audit and Risk Committee.

The Code and our other policies are reviewed regularly, as are our compliance programmes, and we undertake external benchmarking and evaluation against best practice models. Internal compliance with our policies is monitored and reported through our Internal Audit process and we periodically undertake audits and/or request confirmation of compliance from suppliers and other parties deemed to be high risk.

Ethics policies

Code of Business Ethics	Sets the standard for ethical conduct for everyone who works at and with Signature Aviation, with guidance on key ethics issues including compliance with laws, anti-bribery, fair competition, conflicts of interest and human rights. Employees are obligated to conduct themselves according to the language and spirit of the Code and to avoid even the appearance of improper behaviour.
Disclosure of Unethical Conduct Policy	Describes our reporting process and the requirement for employees to report immediately any actual or suspected unlawful or unethical business practices by another employee, by a supplier, or by any other person providing services to, or acting on behalf of Signature Aviation. Sets out our zero-tolerance stance towards retaliation against anyone who, in good faith, reports a concern to management, HR, the Ethics and Compliance Officer, or regulatory agencies.
Third Party Vetting Policy and Procedures	Sets out criteria and procedures for assessing business partners through due diligence processes. Depending on the relative risk associated with a third party – including customers, contractors, senior-level hires, agents and business partners – our legal team undertakes standard or enhanced due diligence before entering a business relationship.
Code of Ethics for Suppliers, Contractors and Consultants	Sets out our expectations for our business partners concerning compliance with all applicable laws; conduct of business in a fair and ethical manner; respect for human rights; conservation of the environment; and provision of high-quality, safe products and services.
Policy on Anti-Bribery; Gifts and Entertainment	Prohibits the offer or acceptance of any form of bribe or facilitation payment to, or from, any party. Describes our guiding principles on the provision or acceptance of gifts and entertainment, the reporting and approvals process for any such gifts and entertainment, and impermissible gifts and entertainment.
Competition Law Policy	Sets out our commitment to complying with the competition, anti-trust and anti-monopoly laws of the countries in which we operate, highlights the importance of obtaining legal advice and provides guidelines on approach, including prohibited conduct.

Supporting our ethical mindset

All employees are required to comply with our ethics policies. To ensure that our policies are understood and followed, we communicate regularly on ethical matters including by taking a monthly slot in our General Manager weekly update and highlighting ethics issues periodically on our weekly Shift Briefs and on monthly operational calls. It has also been important to involve our business operations in developing the refreshed policies launched this year – Third Party Vetting and Policy on Anti-Bribery; Gifts and Entertainment – to ensure that they work in practice. During 2020 the legal team also launched a legal intranet site, giving easy access to a range of ethics and compliance resources.

Team members in leadership positions and those that are customer-facing or supplier-facing are required to complete ethics training every year and an ethics module has been added to our cultural orientation online training class for new employees. A specific ethics and compliance module has also been developed for our new General Manager in Training (GMiT) programme.

Other key activities in 2020:

- Launched new gifts and entertainment reporting/approvals tool
- Created bespoke functional models for GDPR compliance – HR, IT, Sales and Marketing

Plans for 2021:

- Roll out training on Gifts and Entertainment reporting
- Consolidate the investigations process to create a central store of information owned by legal to ensure that the process is transparent and consistent across the organisation
- Refresh our guidance-related-to-trade controls
- Implement new policy management process to establish clear ownership of all policies and a regular programme of refreshment

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.

As described above, we conduct due diligence on each of our suppliers, contractors and service providers with whom we do business, and operate other standard vendor management review procedures, including evaluating key suppliers on an annual basis. This collectively results in a detailed understanding of our business partners, their practices and the products or services they provide to us. Our business partners are also required to comply with our Code of Ethics for Suppliers, Contractors and Consultants, which is explicit on the issue of modern slavery and other unethical practices. Should a supplier be deemed to be high risk, either because of its industry or its geographic location, we require periodic certification by the supplier confirming its compliance with the Code and all applicable laws, including those designed to prevent modern slavery and human trafficking.

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

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



People

Our people are our most important resource. Their service skills and their technical and functional expertise differentiate us in the sector and drive our success. Our goal is to be a company where everyone wants to work and thrive. Ensuring that we attract and retain the best people, nurture and promote talent, and support and engage our employees is at the heart of our HR strategy and the activities that support it.

The safety, welfare and wellbeing of our employees has been our utmost priority during the COVID-19 pandemic. Read more on page 11.

Employee engagement

Employee engagement is a fundamental driver to becoming a safer, happier, healthier, customer service-led and more productive team. Much of the work described in this section and under our employee experience strategic pillar flows from our desire to reach world class levels of employee engagement for the benefit of the organisation, our customers and for our employees themselves.

For the last three years we have been working on a holistic programme to improve employee engagement, measuring progress and identifying action areas using the results of our annual Engagement Survey undertaken with Gallup. Managers are provided with the survey results from their team and work with them to prepare and submit action plans to improve engagement at the local level. These are reviewed periodically and were specifically reviewed at the beginning of July this year to ensure inclusivity for employees on furlough.

Base engagement activities are recognised in regular communications, as is the Gallup Q12 – the 12 metrics proven to drive engagement in Gallup research conducted over more than 30 years. At the end of 2020 we nominated and trained 25 engagement coaches as a pilot to share best practice across the business.

December 2020 Engagement Survey

93% employee participation (2019: 84%)

53% of employees engaged (2019: 45%)

Signature Van Nuys (VNY) has a highly visible way of recognising team members exemplifying outstanding service and attitude. The names of the quarterly winners of the VNY Most Valued programme are added to the side of fuel trucks.

Talent development

Our talent review process and development programmes are designed to identify and nurture talent at every level of the organisation – giving employees the opportunity to grow and build a rewarding career; and enabling the organisation to build a succession pipeline from entry level to the most senior roles.

During 2020 we undertook a formal talent review process for every member of the team and will move to a bi-annual process in 2021, giving us constantly live data. At the end of the year, we gave all employees access to a new talent management system to enable greater ownership of the career development process.

The talent review process has led to the creation of a number of exciting new programmes to cover key development and transition needs, including:

- **Emerging Leaders Programme:** Six-month programme for team members in all functions aspiring to their first manager role. Participants are nominated and assessed prior to joining. Focused on people leadership skills – leading a team, effective communication, creating a winning environment and self-management.
- **General Manager in Training (GMiT):** A new 6-12-month programme that prepares the annual cohort for transition to a base General Manager role. 28 leaders were chosen to participate in the 2020 programme.

During the year we have significantly expanded the training content available in our Propel online learning system to support a wide range of business initiatives and our COVID response and we have successfully moved previously in-person training online. We also gave all employees access to the 16,000+ professional courses and videos available on LinkedIn Learning.

For new joiners we piloted and launched an 11-day operational hire induction programme as well as a cultural orientation online training class.

Wellbeing

Employee wellbeing has been a significant focus during the year, and will continue to be, as we move to become an organisation that considers a greater range of employee needs beyond their work life.

Our Lifeworks Employee Assistance Programme (EAP) was extended to US employees (from EMEA and Canada), giving every employee access to one to one counselling, health professionals and a range of mental and financial wellbeing resources and advice. Our employees also have access to online financial tips, tools and assistance, and the majority of US employees are offered a discount on their health insurance premiums if they join a wellness incentive programme. A monthly wellbeing newsletter was launched in May and we include wellbeing information in many of our regular communications.

From 2021 we will take steps to move to a more active and interventional wellbeing programme.

The Signature Aviation Hardship Fund

The Signature Aviation Hardship Fund was launched in June giving team members facing financial hardship the opportunity to apply for a grant following any qualifying event, including the pandemic, natural disaster or certain unforeseen personal events, that has negatively impacted their finances. The hardship fund is administered by a third party and was created initially using the three-month salary/fee reductions agreed by all members of the Signature Aviation Board and the Signature Leadership Team. Employees have also been encouraged to make voluntary contributions to the fund with Signature Aviation matching the first \$300,000 pledged. To date the Fund has made grants totalling more than \$310,000.

Diversity and inclusion

Diversity and inclusion (D&I) are important factors underpinning our future success – our goal is to have a truly diverse and representative workforce and to be seen as a safe environment where people are free and confident to be themselves. We are also committed to addressing matters of racial injustice and racial inequality in our society and believe in respect, equality and justice for all people without violence.

This year, led by our Diversity and Inclusion Committee, we launched a dedicated D&I strategy, supporting activities and challenging internal metrics to accelerate progress on this important journey. The strategy will be implemented in full during 2021.

During the year, members of the Signature Aviation Board, Chairman, Sir Nigel Rudd, and non-executive director Arnee Chande, joined meetings of the Diversity and Inclusion Committee.

Our Employee Engagement Survey inclusion and diversity index score was 4.1 in 2020 vs 3.9 in 2019, demonstrating our progress in this area.

Our D&I areas of focus: ACT

A. Attract and hire diverse talent to create a workforce that reflects our communities

Example actions:

- Diverse recruitment slates (outreach, ease of application process)
- Consciously highlight underrepresented diversity in certain roles e.g. female Line Service Technicians
- D&I recruitment training

C. Create an inclusive environment where all can develop and thrive

Example actions:

- Representative cohorts on development programmes
- New appearance standards with more relaxed guidelines to give everyone the chance to express their individuality (launched in 2020)
- Training D&I champions throughout the business
- Coaching
- Consciously highlight underrepresented diversity in certain roles
- Targeted internal communications and celebration of cultural events
- D&I education and training available to all

T. Tell our story externally to complement, reinforce and build on our D&I strategy

Example actions:

- Share strategy in external materials
- Seek commitment from suppliers and vendors
- Support charitable efforts related to D&I

2020 gender diversity and gender pay gap

The table below shows the percentage of women employed in various roles as at 31 December 2020. Data includes the Engine Repair & Overhaul (ERO) business.

For the Signature continuing business, excluding ERO, the percentage of women employed is 26.4% and 37.3% for the senior management group.

Signature measures its gender pay gap but 2020 data is not believed to be an accurate indicator of the current position due to furlough activity during the year.

Population	Total population	Number of women	% of women
Board	10	3	30.0%
Signature Leadership Team	8	1	12.5%
Senior management group ¹	72	22	30.6%
Directors of subsidiaries included in consolidation ²	24	4	16.7%
All employees of the Group	5,883	1,444	24.5%

¹ Includes members of Signature Leadership Team.

² This disclosure includes dormant companies and multiple directorships and we do not believe it is an accurate indicator of diversity.

Aligning the team

During 2020 our OKR (Objectives and Key Results) practical goal setting process was rolled out to all team members above General Manager level. OKRs better align individual objectives with our strategic flight plan and are subject to a quarterly planning and review cycle. They are supported by a workboard tracking system which highlights performance vs targets in real time.

In addition we have significantly expanded our internal communications programme to support employee engagement and provide 'need to know' information in a timely and efficient manner, as well as connecting our leadership team directly with our FBO bases. The global programme comprises a weekly operations and CHQ shift brief, a weekly briefing email for base managers, organisational updates, a monthly operations leadership video call, and a monthly global operations connect video call. Our CEO is also recording regular video updates. The cadence of internal communications significantly increased in the early part of the COVID-19 pandemic.

Human rights

We respect the principles of the Universal Declaration of Human Rights and the International Labour Organization's core conventions. We are committed to treating people according to merit and contribution, refraining from coercion and never deliberately causing harm to anyone. We have not adopted a formal human rights policy as we believe that our existing adopted policies, our strategy and our values recognise and communicate the importance of how we conduct our business and its impact on a wide range of stakeholders, and therefore our responsibilities in relation to human rights. The requirement for a specific human rights policy will continue to be monitored.

Other key activities in 2020:

- Launched Employee Voice programme for our non-executive directors. Our non-executive directors will undertake employee focus groups during two site visits or three remote sessions every year to discuss how employees feel about a wide range of topics and feed findings back to the Board
- Launched long-term compensation and benefits strategy
- Introduced testing and quality of hire metrics into the recruitment process

Plans for 2021:

- Extend the GMIIT programme to functions
- Launch new Executive development programme
- Introduce more 'bitesize' learning in Propel
- Simplify employee benefits
- Make training and documentation more easily accessible for all team members
- Regular communication, events and education on diversity and inclusion topics



Customers and partners

As the leader in the sector our customers expect high-quality, reliability and consistently excellent service from us. We aim to differentiate ourselves in the market and deliver a safe and personalised experience right, the first time and every time.

Service and relationships are at the heart of what we do, whether we are dealing with an arriving VIP and his or her aircraft, supporting the needs of our Signature base tenants, or meeting the expectations of our EPIC and Signature Select® FBO partners and their customers.

Our network stayed open throughout the COVID-19 pandemic, enabling us to be there for our customers and our communities when they needed us and to support the COVID response from first responders, the military and other organisations. We quickly implemented our own COVID operational response to create a safe environment for customers in our facilities and risk assessed our services and procedures. Our FBO Recovery Playbook was launched in May to provide teams with a comprehensive guide to operating safely and consistently across the network for the protection of employees and customers, and our Signature Assure brand was launched in June.

We are focused on driving incremental improvement in the customer experience every day through the quality of our people and our operational processes, through investment in our network and our infrastructure, by embedding a culture of empowered and personal accountability, and by leveraging technology and data to anticipate customer needs and support the customer journey. We aim to treat our partners – for example airport authorities and EPIC FBO partners – in the same way, encouraging a customer service mindset for all our interactions.

Infrastructure investment

We have an active infrastructure development and renovation/renewal programme with a significant number of projects in train during 2020. These include our new FBO and VIP terminals at Atlanta (ATL) and projects at Bedford (BED); Newark (EWR); Teterboro (TEB); Baton Rouge (BTR); Eastern Iowa (CID); and Washington Reagan (DCA). We are also working on a wide range of improvement projects that will begin in 2021. Our aim is that, where possible, infrastructure investment is undertaken to the highest sustainability standards (see more on page 44).

Global standards

Delivering a consistent customer experience at every location in the network is very important to us, particularly as we have welcomed new customers to the B&GA market in 2020. We have global brand standards which our bases align to and are audited through our internal audit process and our SIGnet 2.0 global FBO management system is now live at almost every location in the network. The tool puts customer data at the fingertips of our front line teams, enabling them to deliver a paperless, tailored and efficient service. During 2020 we also completed the roll out of simplified, network wide, Standard Operating Procedures for key ramp activities supported by online training modules in the Propel system.

Strict cleaning protocols are followed to ensure customer safety.

Understanding customer needs

Understanding customer priorities and the things that really make a difference are the foundation of our customer strategy. Our global customer experience survey programme was launched in 2019 and provides both immediate data that can be used at base level to correct issues in real time and strategic insights to drive medium- and long-term plans. Customers are encouraged by our teams to complete the survey when they visit with various incentives available if they do so. The survey methodology also provides an opportunity to benchmark performance against other organisations in other industries.

At EPIC, the team implemented a project during the year to track and upgrade every step of the customer experience from order to delivery.

Empowered teams

Everyone at Signature is responsible for the customer experience and individuals are empowered to make decisions that go above and beyond expectations. During 2020 we implemented phases 1 and 2 of a new, global, Signature Service programme – Serve well and Recover well. The programme is delivered to all base team members and phase 3 – Care well – will be rolled out in 2021.

Other key activities in 2020:

- New structure and pilot to holistically manage tenant needs and pricing at home and 'on road'
- Establishment of permanent Sustainable Aviation Fuel (SAF) supply at San Francisco (SFO) and London Luton (LTN)

Plans for 2021:

- Continue to test new customer innovations and improvements
- Progress infrastructure development and renovation/renewal programme
- Complete SIGnet 2.0 roll out to final locations and implement employee mobile version
- Refresh employee uniform
- Long-term planning for customer digital reservation platform
- Grow availability of SAF
- Increase number of EV charging points and hybrid/electric crew cars

The customer lounge at Washington Dulles (IAD).



Health, safety and security

The health, safety and security of our teams, our sites, our customers and their assets, and everyone that comes into contact with us is a key priority and underpins our licence to operate.

Our goal is to prevent injuries and incidents. Our health, safety and security strategy and our Safety Management System seek to create a proactive, risk-based, open and empowered health and safety culture across the organisation, supported by the right tools, training and expertise.

Our Health, Safety, Security and Environment (HSSE) team has been at the forefront of planning our operational response to the COVID-19 pandemic. As described elsewhere in this report, the safety, welfare and wellbeing of our employees and customers has been our utmost priority, and we responded quickly with changes at our locations, and to our procedures and services, to ensure that our employees could work, and customers could visit, safely and confidently.

The Signature Recovery Playbook

The Signature Recovery Playbook was launched at the end of May to provide a comprehensive guide to operating safely and consistently across the network for the protection of employees and customers. The Playbook was updated in August with an accompanying video, printed and training materials and covers areas such as:

- The requirement for employees to wear face coverings
- Employee temperature checks when reporting for shift
- The process for dealing with unwell employees and alerting the HSSE team for quarantine direction based on local health guidance
- Measures to enable social distancing in the FBO
- Customer and site vehicle protocols
- Dish, catering and linen service procedures
- Use of safety signage

A return to work process and refresher training were also provided to all operational employees returning from furlough to promote safe working after time away, and bases have been encouraged to use quieter operational periods to undertake additional safety inspections and improvements.

Evolving our reporting and auditing

Our base leaders are accountable for health and safety performance at their locations and are empowered to implement improvement programmes as they see fit. Our specialist HSSE team members are aligned to geographical regions and take a technical, educational and mentoring role.

Our safety audit programme evaluates our sites against our safety standards and enables us to identify trending issues that require action – whether it be an adjusted procedure or new training. From March 2020 in person audits were paused and we implemented a virtual audit programme. From 2021 we will move to a hybrid virtual and in person audit programme which will further enhance our oversight and enable our HSSE team to spend more time on the ground mentoring and coaching our teams.

Our SHEBBA safety reporting system incorporates a bespoke safety risk matrix which enables us to provide risk-based, real-time safety data locally and centrally. Data is also flowed into our base visual data tool so base leaders have access to predictive analysis of their safety risk based on incidents or outstanding hazards.

We are now focused on expanding root cause analysis to incorporate Human Factors Analysis (HFACS) to help us make further progress in our safety journey.

Safety communications

Our safety communications – which comprise a weekly safety bulletin as well as HSSE team participation in our regular operations communications – seek to foster a strong reporting culture across the organisation where individuals feel confident to speak up on issues and are empowered to deliver change. During 2020, in the light of the COVID-19 pandemic, communications have also focused on factors causing distraction, stress, and mental wellness and how they contribute to safety on the ramp.

Security

The primary focus of our security programme is to limit security risk at our bases while maintaining the customer experience. This includes raising awareness of security matters within our teams, deploying practical and robust policies and procedures, and ensuring we maintain appropriate physical security measures. Building relationships with stakeholders – for example our airport partners, key customers, and industry groups – enables us to share knowledge and drive best practice on security matters in the B&GA sector.

Safety and health signage is displayed at all of our bases to inform customers about our COVID protocols.

During 2020, our security team began reviewing and updating our security policies and procedures and began the preparation of security procedures for ELITE in the US. The team also developed and launched an awareness campaign that includes a new training module on combating human trafficking (see page 36).

Safety metrics – Recordable Injury Rate (RIR)

RIR is our primary Health and Safety performance metric. RIR is measured as the total number of injuries and illnesses multiplied by 200,000, divided by the number of actual hours worked by all employees.

2020 ¹	2.21
2019 ^{2,3}	2.22
2018 ²	2.35
2017	2.36
2016	1.81

131 out of 203 or 65% of Signature Aviation's active reporting locations achieved zero RIR during 2020.

2020 ¹	131
2019 ²	134
2018 ²	132
2017	131
2016	138

1 2020 data includes Engine Repair & Overhaul.

2 2019 and 2018 data includes Engine Repair & Overhaul and excludes Ontic.

3 2019 data updated to reflect reclassification of incidents.

Other key activities in 2020:

- Implemented simplified, network wide, Standard Operating Procedures for key ramp activities

Plans for 2021

- Continue to enhance reporting culture and safety evaluation programme
- Launch a safety recognition programme
- Implement risk-based safety performance indicators and observation goals
- Extend IS-BAH and ISO9001 programme to more locations
- Continue to promote safety and security as a key component of the General Manager in Training (GMIT) curriculum, with all members of the cohort given the opportunity to participate in a safety audit process
- Launch global security manual and begin development of refreshed security training modules
- Develop and launch new awareness campaign and training on combating smuggling
- Undertake Business Continuity Management drills at various locations

External accreditation

Over the last four years we have received IS-BAH (International Standard for Business Aviation Handlers) accreditation, and more recently, ISO9001 at a number of bases.

IS-BAH is the only recognised global safety standard for B&GA handling and demonstrates a location's compliance with a wide range of best practice safety protocols. To date we have received the following IS-BAH certifications:

- Level 1 – 4 locations
- Level 2 – 11 locations
- Level 3 – 4 locations

Reaching level 3 is an exceptional achievement for our four Caribbean locations – Barbados (BGI), Grenada (GND), Tortola (EIS) and Jamaica (MBJ). Only seven FBO operations in the world have reached this level to date.

During the year, three of our EMEA locations – London Luton (LTN), London Heathrow (LHR) and Nice (NCE) – received the ISO9001 Quality Management System accreditation. These are the first locations in the network to achieve this globally recognised standard.

Our Montego Bay, Jamaica (MBJ) location received level 3 IS-BAH accreditation in 2020.



Environment

Leading the industry on environmental matters is a fundamental part of Signature's strategy. We have a responsibility to raise the bar and drive change and we also see an opportunity to create value through further differentiation and engagement with customers, airport partners and employees as environmental expectations grow.

During 2020 we set ambitious carbon reduction targets and launched the Signature Renew™ global environmental sustainability programme to drive innovation and progress across the organisation and promote our efforts to stakeholders.

We believe that corporate disclosure and transparency are both the right thing to do and are key catalysts for driving change. We are preparing for the introduction of the Task Force on Climate-related Financial Disclosures (TCFD) Listing Rule to cover reporting governance, risk management, strategic planning and metrics around climate risk/GHG reduction and we participate in CDP's global environmental reporting initiative, where we received an A climate rating this year.

2025
29%
reduction

in Scope 1 and 2 emissions

2030
30%
reduction

2050
Net Zero

*2018 baseline

Net Zero emission target

In 2020, following a detailed review of options for increasing environmental sustainability, the Signature Aviation Board committed to the Paris Agreement Goal to reduce our Scope 1 and 2 emissions to Net Zero by 2050 at the latest. From our 2018 baseline, our interim milestones over the next ten years are to deliver a minimum 29% reduction in emissions by 2025 and a 50% reduction by 2030.

Our Scope 1 emissions incorporate the fuel and heating required for us to run our FBOs and our ground support equipment (GSE) and other company-owned vehicles. Our Scope 2 emissions primarily cover the electricity we purchase.

Transitioning to Net Zero in the aviation industry is a significant challenge and will require continued investment in new technologies, collaboration with partners and suppliers, and integration of environmental matters into many decision-making processes. Our current key areas of focus are described below.

We are active in industry groups, including those focused on new aviation technology, and our COO, Tony Lefebvre, has recently been appointed to Chair of the General Aviation Manufacturers Association (GAMA) Environment Committee working to develop and represent the B&GA industry's views on environmental matters.

Signature Renew™

Signature Renew encompasses the work we are doing to reduce our own emissions, and to support our customers to fly more responsibly by choosing Sustainable Aviation Fuel (SAF). The Signature Renew brand was launched in September 2020 and is used both internally and externally to promote our environmental efforts and engage employees and customers in our journey.

Culture and awareness

Our employees place a high value on social and environmental responsibility.

We aim to inspire a culture of environmental stewardship and awareness at every site to reduce our use of key resources, increase recycling and limit waste, and eliminate environmental incidents such as fuel spills.

Our base teams are encouraged to think green and find ways to improve their own environmental performance every year. For example, our European airports have stopped purchasing plastic consumable items. They are supported by the central investment programmes to upgrade our facilities and equipment and roll out the new technologies described in this section.

Our weekly base shift brief provides regular information on environmental matters, including the things that individuals can do to contribute, for example, by following the Signature no vehicle idling policy, turning off lights and heaters that aren't in use, and properly disposing of paper, plastic and cans. We also request that our bases share information on local municipal environmental programmes, grants and incentives that can be leveraged to speed change.

Our SHEBBA reporting system collects and records each location's use of resources and data is flowed into our base visual data tool so that our teams can monitor them in real time.

Real estate

Environmental considerations are embedded into our infrastructure investment decisions to deliver lower impact buildings (FBO terminals, hangars and GSE shops) and customer and crew services such as charging points for electric cars. At any one time we have a wide range of active new build and renovation projects, and for every project we explore the opportunity for LEED certification, the installation of solar, and the inclusion of charging stations.

We currently have eight LEED or LEED Silver certified FBO buildings in the network and 11 hangars/ancillary buildings, with further projects in train. Both of our Atlanta (ATL) FBO buildings, completed this year, are LEED Silver certified. Our San Diego (SAN) FBO building is Platinum certified, the highest possible grade.

Where it is not possible to pursue LEED certification on a project, we include the following environmental measures as standard:

- Orientation for natural light;
- Low emission, EV glass;
- LED lighting;
- Energy efficient heating and ventilation (HVAC) systems; and
- Occupancy sensors on hangar lighting and non-front-of-house areas.

Deployment of solar projects has also increased, and we have a strong pipeline of future candidate locations. Our systems comprise either rooftop or car canopy installations and feed solar energy to our FBO buildings before uploading surplus to the grid. We currently have installations active or planned at 15 US locations and we generated 4.7 million KWh of clean electricity in 2020. We are reviewing solar viability at a further 15 US locations. In EMEA, we have reviewed 15 potential locations and are pursuing further viability at six.

We have customer electric car charging points at 20 locations and are targeting 30-35 locations by the end of 2021.

Operations and equipment

We have many electric items in our 8,000 strong ground support equipment (GSE) fleet. Environmental performance is an important aspect of our GSE renewal (and reduction) programme and, where alternative technology is not yet commercially available, for example fuel trucks, we focus on vehicles with lower emission, efficient diesel engines.

As a large purchaser of GSE we have a significant opportunity to influence our supply chain and drive new product development as well as support new models coming to market. We are also able to draw on and share our experience from our six bases which use biodiesel as running fuel for fuel trucks and ground power units (GPUs), including San Francisco (SFO) which has fully transitioned to biodiesel. The remaining balance of the SFO GSE fleet is powered by electricity and compressed natural gas.

We have deployed hybrid electric crew cars at a number of locations and currently have the Tesla X available at Van Nuys (VNY), Scottsdale (SDL) and West Palm Beach (PBI). We have a commitment from our rental partner to provide electric cars at 20-30 locations by the end of 2021.

Sustainable Aviation Fuel

In addition to our Scope 1 and Scope 2 emission reduction targets, we are also committed to accelerating the adoption of Sustainable Aviation Fuel (SAF) in the B&GA industry by expanding availability. In late 2020, Signature became the world's first FBO network to establish a permanent customer supply of SAF at a location.

SAF is a blend of standard Jet-A and Jet-A produced from non-fossil based sustainable feedstock (typically in a ratio of 65:35). Signature's SAF supply is a drop-in solution that meets all ASTM 1655 (aviation jet fuel) standards and requires no change to fuelling infrastructure.

Signature's SAF is currently supplied through a strategic partnership with Neste with an upfront commitment to purchase 5 million gallons to stimulate global supply. SAF was made permanently available at Signature San Francisco (SFO) in October 2020, and London Luton (LTN) in November 2020. It has now been rolled out to a further three locations (Mobile (BFM), Van Nuys (VNY) and Boeing Field (BFI)).

We are supported in this effort by our largest customer, NetJets, which has agreed to purchase up to 3 million gallons of SAF to fully supply its fuel needs at SFO and at its global headquarters at Columbus International (CMH).

EPIC also has significant experience in SAF logistics and supply. This includes a request from a third party to procure and supply 2 million gallons of SAF to the B&GA market through various FBOs, including through the Signature and Signature Select® networks. A collaborative working group has been set up between Signature and EPIC to share knowledge and execute opportunities.

Refuelling with SAF at San Francisco (SFO).

Environmental performance

We have voluntarily reported environmental metrics for more than 15 years. We use the services of an external consultant to review and provide third party verification of the process for collecting and consolidating this data. Our disclosures comply with the Streamlined Energy and Carbon Reporting (SECR) requirements.

Units	2020 ¹	2019 ^{1,2}	2018	2017	2016
Electricity consumption KWh/\$m revenue	55,184	40,144	38,733	46,308	49,241
GHG emissions Tonnes/\$m revenue	40.66	31.30	30.78	37.46	38.29
Water consumption 1,000 litres/\$m revenue	221	146	122	180	159
Revenue (Total Group) \$m	1,921.3	2,798.8	2,880.9	2,370.6	2,149.1
Global energy use KWh ³	294,795	312,569	–	–	–
UK proportion of global energy use ³	4.8%	5.3%	–	–	–

1 2020 and 2019 figures include ERO and exclude Ontic.

2 2019 figures recalculated for latest data and amended emissions factors.

3 Total energy use including electricity, gas, fuels, fugitive emissions.

Greenhouse gas emissions

We have reported on all of the emission sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. All of these sources fall within our consolidated financial statements.

We have used the World Business Council for Sustainable Development/ World Resources Institute Greenhouse Gas Reporting Protocol Corporate Accounting and Reporting Standard (revised edition), and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020, EPA Emission Factors for Greenhouse Gas Inventories 2020 and EPA Emissions & Generation Resource Integrated Database eGRID2018v2.

Units	2020 ¹	2019 ^{1,2}	2018	
Scope 1 – combustion of fuel and operation of facilities	36,929	39,861	40,166	tCO ₂ e
Scope 2 – Electricity, heat, steam and cooling purchased for own use	41,205	47,737	48,499	tCO ₂ e
Total GHG emissions	78,134	87,599	88,665	tCO ₂ e
GHG emissions per \$m of revenue	40.66	31.30	30.78	tCO ₂ e
UK Scope 1 emissions	1,905	2,093	–	tCO ₂ e
UK Scope 2 emissions	1,194	1,717	–	tCO ₂ e
UK total GHG emissions	3,099	3,810	–	tCO ₂ e
UK proportion of total GHG emissions	4.0%	4.3%	–	tCO ₂ e

1 2020 and 2019 figures include ERO and exclude Ontic.

2 2019 figures recalculated for latest data and amended emissions factors.

CDP (previously Carbon Disclosure Project)

We are pleased to participate in CDP's global environmental reporting initiative. CDP's annual environmental disclosure and scoring process is widely recognised as the gold standard of corporate environmental transparency. We were delighted to secure a position on CDP's prestigious 'A List' for transparency and action on climate change in 2020 (for the 2019 disclosure year). Signature is one of only 270 companies that received the A-List Climate Leader recognition out of more than 5,800 company scores.

Plans for 2021:

- Continued inclusion of environmentally friendly build materials and systems across all building and renovation projects
- LEED projects at Des Moines (DSM) and completion of projects at Newark (EWR) and Bedford (BED)
- Planning for LEED or LEED equivalent certification where appropriate on build project pipeline
- Continue to install customer electric car charging points
- Further investment in electric/lower impact GSE
- Continued investment in solar installation/operation
- Extend Sustainable Aviation Fuel (SAF) provision to further locations
- Joint EPIC and Signature SAF projects
- Increase use of biodiesel for GSE



Community

We aim to have a positive impact on the communities in which we operate and to be recognised as leaders in social responsibility. This includes our wider airport communities and the national and international B&GA communities. Working in partnership with the broad range of communities that have a relationship with us is both the right thing to do and confers benefits in terms of our reputation and employee engagement.

Our Signature bases have stayed open throughout the COVID-19 pandemic, supporting military flights and first responders, movement of critically ill people, repatriations, and medical and government personnel and supplies. At the beginning of the pandemic our teams were encouraged by the Signature Leadership Team to reach out to their airport communities and neighbours and we have supported many local efforts dealing with its impact. We are proud of what we have achieved and the help we have been able to give.

Airports work as communities in their own right and often require parties on the field to work together on specific issues e.g. security. We contribute to these activities through our base leadership teams and are committed to providing time and expertise whenever necessary. As described in the environment section on page 44 we are also working with aviation and airport partners on environmental projects.

As an organisation we support a number of international and national charitable organisations associated with the wider aviation community, including Women in Aviation International (founders of Girls in Aviation Day), Veterans Airlift Command and the Angel Flight network.

Our sites and individual team members also support many aviation and other causes that benefit their immediate local area, or that are of interest to them, by volunteering, fundraising and hosting/taking part in events. It is recognised that participating in these efforts engages employees and builds strong teams as well as helping others, and we encourage and recognise those involved.

Since 2010 our local efforts have been complemented by our parent company charitable giving programme which, since its launch, has donated around \$1.9 million to charities and organisations typically associated with aviation, education and science/engineering around the world.

Group donations to charity totalled \$309,721 in 2020 (2019: \$896,946).

Global Tax Strategy

We publish an annual Global Tax Strategy document which describes the three key pillars of our Group Tax Policy as well as our tolerance for tax risk, our attitude to tax planning, and our approach to relationships with tax authorities in the relevant jurisdictions.

The three pillars of our Group Tax Policy are as follows:

- To be a responsible tax payer and act in a manner consistent with Signature Aviation's reputation and corporate social responsibilities;
- To maintain shareholder value, commercial competitiveness, and serve the interests of all our stakeholders whilst ensuring compliance with all relevant tax legislation;
- To maximise certainty of the Group's tax position by maintaining an open and constructive relationship with tax authorities.

Our Global Tax Strategy is available to download from the Signature Aviation website.

Our Centennial Denver (APA) team has been supporting Angel Flight West and its pilots in their mission to fly essential medical supplies to rural hospitals across Colorado.

2020 community highlights

Here are some of the highlights of our community activities in 2020.

Supporting the distribution of medical supplies

Unloading the world's largest aircraft (the Antonov AN-225) requires a bit of improvisation. A chain of belt loaders and the helping hands of Signature Shannon's (SNN) Line Service Technicians turned a 120-tonne delivery of boxed personal protective equipment into 524 packaged pallets over the course of eight hours.

Hosting military flights

Bases around the network have been supporting military flights carrying medical supplies and personnel working to fight COVID-19. Pictured is our Honolulu (HNL) team guiding in a French Air Force supply plane.

HR team raises \$22k for cancer charities

In December, 52 members of our HR team in the US and Europe participated in an individual 10k run challenge to raise money for cancer charities. One of the team – Chief HR Officer Ben Hooper, seen here in the rain – tripled up to 30k on the day! Signature Aviation matched the money raised to reach a total of \$22k.

Signature BOS and BED teams help the elderly in need

Our Signature Boston (BOS) and Bedford (BED) teams joined forces to provide volunteers for the Greater Boston Foodbank's brown bag programme that provides free supplemental groceries to more than 8,500 elderly people in need every month.

San Diego community clean up

Our San Diego (SAN) team were on the front line of taking care of their community by cleaning up a local stretch of highway during the 36th annual San Diego Coastal Clean Up day.

Signature SOU supporting the Hampshire Air Ambulance

Our Signature Southampton (SOU) base is a long-term supporter of the Hampshire Air Ambulance. The base supports ambulance fuel needs when they are out on missions and provides a waiting spot for ambulances waiting to transfer patients to hospital. The team also raises money, and a number of members volunteer for the charity when not on shift.

Signature LGB hosts commemorative VJ Day flyover

Signature Long Beach (LGB) was honoured to be part of the VJ Day 75th Anniversary Flyover led by the Commemorative Air Force Inland Empire Wing based in Riverside California, with members of the D-Day Squadron, and T6 Texans.

Historic B-29 Superfortress keeps on flying

The team at Signature Cincinnati (LUK) have played a big role in keeping this historic B-29 Superfortress aircraft flying, including supporting a 2020 Make-A-Wish flight for a young boy and a sponsored flight for 11 local police officers.

Risk management

We are committed to effective risk management to support delivery of our strategic objectives.

How we manage risk across Signature Aviation

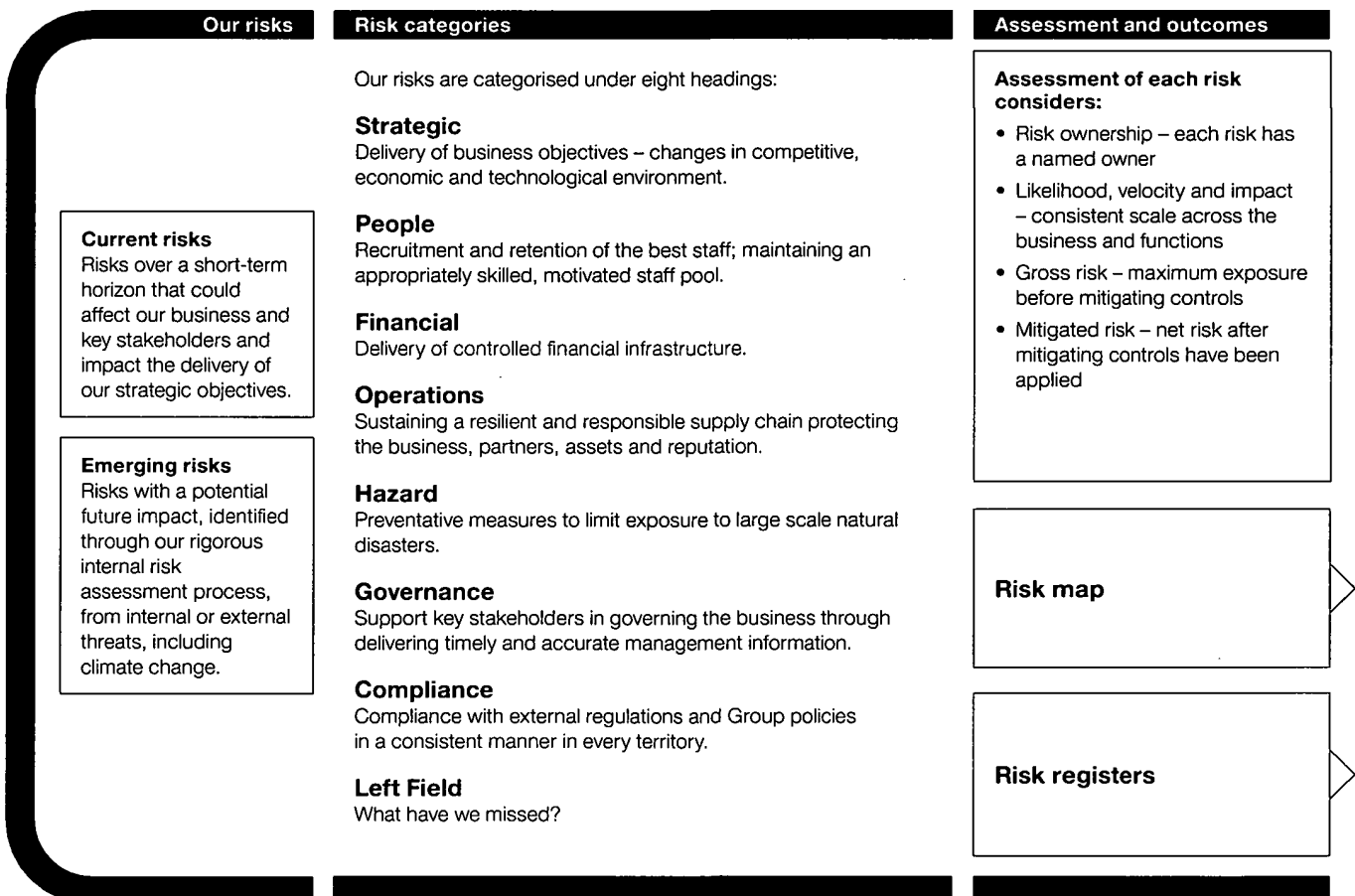
Our risk management process is designed to support the business in meeting its strategic objectives, protect the interests of our shareholders and key stakeholders, and enhance the quality of our decision making through the awareness of risk-assessed outcomes. It also assists in the safeguarding of our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

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

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

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

Our risk landscape



The Board has established a framework for assessing risk in the context of likelihood and impact in financial and reputational terms. Each risk within the Group is assessed against this framework and the Board reassesses its risk appetite on a bi-annual basis when the Group risk map is presented to the Audit and Risk Committee, with updates on risk discussed at every Audit and Risk Committee.

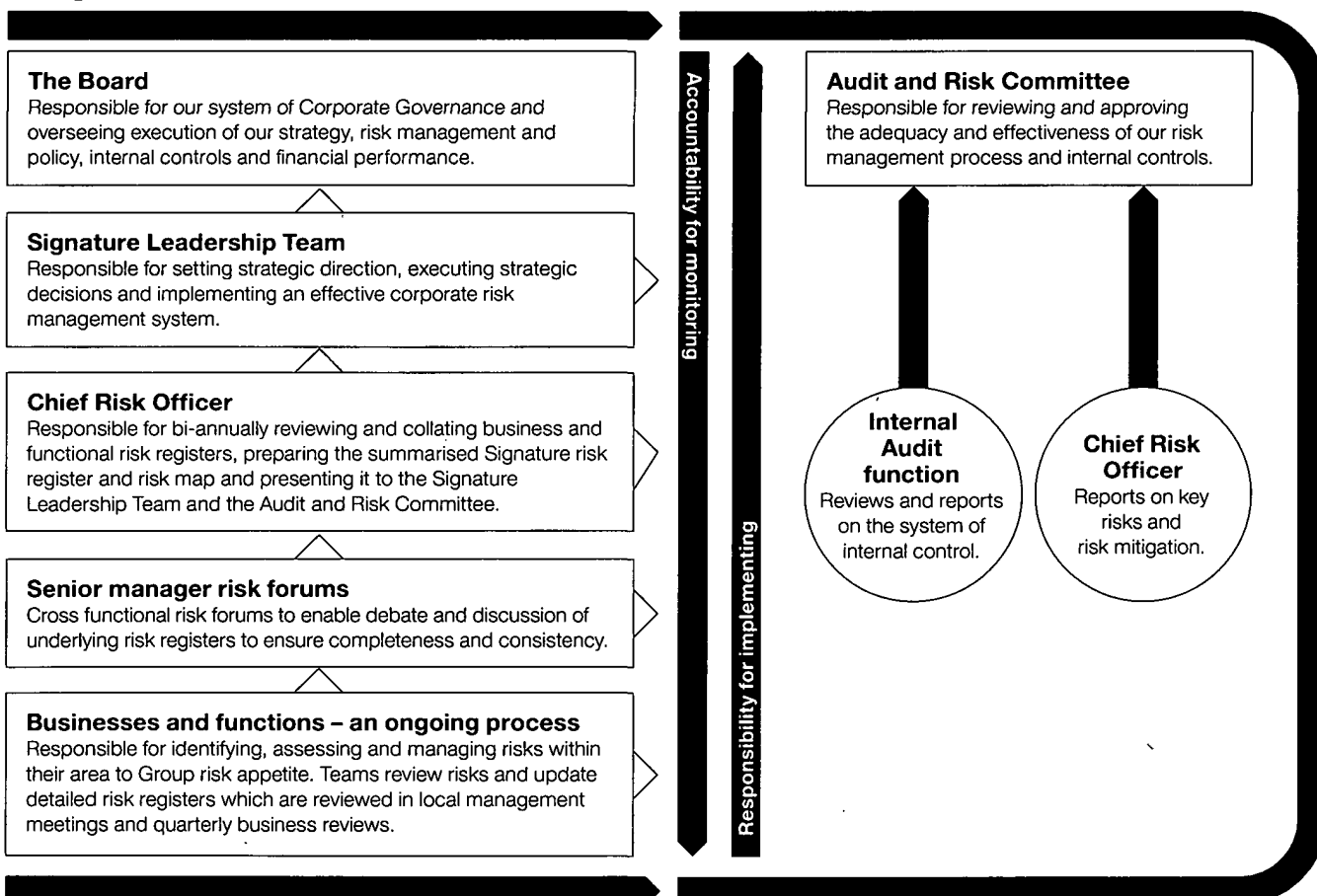
Group policies, standards and internal controls, together with our Values and our focus on safety, underpin our approach to risk management. We are committed to being a responsible values-led business and our leaders are responsible for embedding this into

Signature Aviation's culture, our decision making and how we work.

Our employees are accountable for working to established standards and for identifying and escalating encountered risks so that they can be appropriately managed. The Group has comprehensive training programmes to ensure that employees are appropriately trained in Signature Aviation's ethics policies.

The bi-annual risk assessment process looks forward three years to create Signature Aviation's risk profile. These key Group-level risks are input into the scenario modelling for the Viability Statement, which is explained further on page 63.

Risk governance structure



Emerging risk – climate change

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

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

Environmental consciousness impacting behaviour – increasing political and public pressure over the impact of flying, including B&GA travel, on the environment and the longer-term impact of customer

behaviours in seeking mitigation strategies or alternative sources of travel. By leading the industry in managing the Group's own emissions, and as the world's first FBO network to establish a permanent supply of Sustainable Aviation Fuel (SAF), Signature is well placed to be the FBO network of choice for environmentally conscious customers.

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

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

Impact of COVID-19

The global COVID-19 pandemic has had a significant impact on our operations, customers and employees as well as the global economy. Throughout the year our consideration of risk has taken into account not only the immediate impact of the pandemic but has also used this as a lens to look differently at how risks might impact our business. While

risks may have historically been considered in isolation, the much broader inter-related nature of risk has become increasingly apparent and each risk is considered holistically, taking into account broader multi-faceted impacts. Where risks have been impacted or could be impacted by COVID-19 they have been specifically identified.

Progress in 2020

We continue to evolve our risk management process to provide practical and timely insight into the risks the business is facing. To further enhance our bi-annual risk assessment process we have introduced senior management risk forums, sponsored by the Signature Leadership Team, to bring together senior leaders across the business. These forums enable cross functional debate and discussion in identifying and quantifying the impact of risk, as well as driving a consistent approach across the Group. Furthermore, the risk forums have enabled greater analysis of the multi-faceted impact of certain risks across multiple areas as part of our impact analysis in response to the pandemic. We continue to improve the rigour of our data collection and financial analysis to support the impact evaluation of our key risks. This information is input to the scenario modelling that underpins the Viability Statement (page 63).

Brexit

The UK left the EU on 31 January 2020 and, throughout 2020, we continued to monitor the impact of Brexit on the business through the 11-month transition period, with dedicated teams in both Signature and ERO focused on business specific impacts. As anticipated, we have seen limited impact from the Brexit transition and operations have continued unimpeded. Traffic rights between the UK and EU have been preserved, with minimal impact on B&GA travel. Supply chain disruption has been limited to minor initial delays on border crossing of goods, primarily as a result of shippers newly dealing with export and import regimes for the first time.


Principal risks

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





Changes in 2021








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







Strategic Flight Plan

-  Growth
-  Operational efficiency and process improvement
-  Employee experience
-  Customer experience
-  Environmental and Social

Change during the year

Increasing 
 No change 
 Declining 
 Risk impacted by COVID-19 during 2020 

Risk	Description and potential impact	Mitigation action/Control
Economy  Risk owner: Mark Johnstone	Structural changes in the global economic environment, including as a result of COVID-19, or cycle fluctuations that drive down B&GA, commercial and military flying.	<ul style="list-style-type: none"> Active monitoring of lead economic indicators. Strong financial controls to monitor financial performance and provide a basis for corrective action when required. Low fixed costs allow cost base to be flexed to meet demand using our Labour Efficiency and Equipment Productivity (LEEP) initiative to execute flexible working patterns.
Terrorist activity  Risk owner: Tony Lefebvre	Global terrorist events either in-flight, at or near major airports materially impacting global air travel.	<ul style="list-style-type: none"> Airport and internal access security processes, vetting of potential staff members in recruitment process. Low fixed costs allow cost base to be flexed to enable corrective action to be taken.
Legislative changes  Risk owner: Maria Garton	Legislative changes, for example causing material increase to cost of B&GA flight relative to alternatives such as commercial flying, road or rail travel. Further legislative matters include the introduction of General Data Protection Regulation (GDPR) and the California Consumer Privacy Act.	<ul style="list-style-type: none"> Active participation in all relevant industry bodies. Ongoing monitoring of all US and EMEA political activity which may impact B&GA activity. Internal policies including Data Protection and supporting training ensure GDPR and California Consumer Privacy Act requirements are understood.
Competitive environment  Risk owner: Tony Lefebvre	Ongoing competitor activity to replicate market position of Signature network on the field, coupled with the actions of airports on potential changes of FBO requirements.	<ul style="list-style-type: none"> Active monitoring of competitor activity. Continuous engagement with airport authorities. Strong financial controls to monitor financial performance. Use of pricing optimisation algorithms for the deployment of new pricing points into the market.
People  Risk owner: Ben Hooper	Ability to attract and retain high-quality and capable people at senior and mid-management levels.	<ul style="list-style-type: none"> Succession planning process embedded with review at Signature Leadership Team and Board level annually. Remuneration structure designed to reward superior performance and promote retention. Proactive employee development and key talent retention processes. Establishment of an employee hardship fund.
Products and services  Risk owner: Tony Lefebvre	Potential liabilities from defects in services and products and associated warranty claims.	<ul style="list-style-type: none"> Standard operating procedures with routine root cause analysis of all incidents. Liability insurance.
Cyber security  Risk owner: Mark Johnstone	Impact of a successful cyber attack.	<ul style="list-style-type: none"> Operation of a specialist Information Security team. Continual refreshment of firewalls and endpoint protection, laptop encryption, mobile device management, intrusion protection, password policy, vulnerability and penetration testing, identity and security event management. Cyber insurance added to insurance programme in 2019.

Risk	Description and potential impact	Mitigation action/Control
Ethics  Risk owner: Maria Garton	Intentional or inadvertent non-compliance with company values and legislation, both within Signature Aviation and with trading partners, including non-adherence to legal competition requirements.	<ul style="list-style-type: none"> • Clear values statement and ethical policies, including specific competition law matters. • Semi-annual compliance certification by all senior management. • Rigorous third party vetting processes. • Robust internal control environment and regular review by internal and external audit.
Environment  Risk owner: Tony Lefebvre	Environmental exposures.	<ul style="list-style-type: none"> • Strong procedural controls and physical containment when working with fuel or other hazardous chemicals. • Active management of known environmental matters to minimise costs to resolve. • Environmental insurance where appropriate.
Banking covenants  Risk owner: David Crook	Non-compliance with banking covenants, including those caused by a tighter regulatory environment around sanctions compliance, which is a key condition of our banking covenants.	<ul style="list-style-type: none"> • Strong treasury management controls concerning liquidity management. • Rigorous third party vetting processes, which include compliance with sanctions regulations. • Precautionary covenant waiver.
Tax  Risk owner: David Crook	Changes in tax regulation in both the USA and EMEA could impact our effective tax rate and our cash tax liabilities.	<ul style="list-style-type: none"> • Timely compliance with all international tax requirements. • Continuous monitoring of changes to tax legislation, taking advice where appropriate from reputable professional advisers.
Supply chain disruption  Risk owner: Mark Johnstone	Potential fuel supply chain disruption, the majority of which is now through the EPIC business and delay in delivery or lack of availability of parts from multi-tiered supply chains operating across multiple countries.	<ul style="list-style-type: none"> • Ability to source our fuel directly from the fuel refiners, rather than via the middle market (where EPIC is an established player). • Regular business reviews with major suppliers that address horizontal supply chain issues. • Mitigate single sources of supply where able or incorporate supply agreements that provide protection against loss and interruption.
Major safety or environmental incident  Risk owner: Tony Lefebvre	Major incident or site closure resulting from factors including safety, pandemics, natural disasters, flood risks or other external actions.	<ul style="list-style-type: none"> • Internal and external regulatory monitoring for all health and safety regulations at all sites. • Launch of Signature Assure health and safety brand – standardised network approach to safe customer experience during the pandemic. • Business continuity plans in all locations, with a programme of regular testing led by the Business Continuity Management Council.

Financial matters

Exchange rate

Signature Aviation's revenues, cash flows and balance sheet are principally denominated, and as a result reported, in US dollars.

The exchange rates used to translate the key non-US dollar flows and balances were:

	2020	2019	2018
Sterling – average	1.29	1.28	1.33
Sterling – spot	1.37	1.33	1.28
Euro – average	1.14	1.12	1.18
Euro – spot	1.22	1.13	1.15

Discontinued operations

At the end of May 2018, management committed to a plan to sell substantially all of our ERO business and, as such, at that point the relevant assets and liabilities were classified as held for sale. At that time, as a major line of the Group's business, the ERO operations were also classified as a discontinued operation.

In the year to December 2020 ERO's organic revenue decreased by 5.7% to \$507.4 million (2019: \$538.3 million). ERO's underlying operating profit was \$48.8 million (2019: \$52.8 million). Operating performance was impacted by reductions in engine volumes and an unfavourable mix of engine types and associated worksopes compared to the prior year. ERO's underlying operating profit includes the benefit from the suspension of depreciation and amortisation of \$21.8 million for the year to December 2020 (2019: \$23.2 million), this being the required accounting treatment while the business is held for sale. The fair value less cost to sell of ERO at 31 December 2020 stood at \$143.3 million, a decrease of \$34.3 million from the 31 December 2019 value of \$177.6 million. The reduction primarily represents the revised and final consideration. An impairment charge has been reported to reflect the expected fair value less costs to sell.

On 17 February 2021 we announced that we had reached agreement with StandardAero, a portfolio company of The Carlyle Group, on the terms of the sale of ERO for a gross consideration of \$230 million. The gross consideration is expected to deliver approximately \$140 million of net proceeds subject to tax recovery, the difference being predominately due to change of control fees but also reflecting purchase price adjustments, income taxes, professional transaction fees and other costs. The use of net proceeds will be consistent with our capital allocation policy, to manage net debt to underlying EBITDA (on a covenant basis), with a target range of 2.5-3.0x.

The ERO support costs of \$11.6 million, for the 12 months to 31 December 2020, will remain with the Continuing Group and we will work to remove these costs upon legal completion of the transaction or following completion of transition services, to the extent such services continue to be delivered to ERO under the Transition Services Agreement we have entered into with StandardAero. The duration of transition services to StandardAero is not expected to exceed 12 months from the date of legal completion.

The financial matters that follow represent the Group's continuing operations unless stated otherwise.

Central costs

Underlying central costs were reduced in the year to December 2020 (excluding support costs of discontinued operations) to \$13.0 million (2019: \$25.9 million). This reduction reflects management action taken to reduce our cost base including suspension of bonus plans for FY2020, travel and overheads.

Support costs

Support costs incurred relating to the discontinued ERO business were \$11.6 million (2019: \$11.4 million). The costs associated with supporting the ERO business will be addressed post completion of the ERO disposal or upon completion of the associated Transitional Support Agreement (TSA) period, as appropriate. Onco support costs were being paid for by CVC, until November 2020 when TSA services ended.

Exceptional and other items

Exceptional and other items after tax, for continuing and discontinued operations, totalled costs of \$96.5 million (2019: \$400.0 million of income) of which \$26.8 million (2019: \$524.1 million income) related to discontinued operations. Key components for continuing operations are the non-cash amortisation of acquired intangibles accounted for under IFRS 3 (\$73.7 million), restructuring expenses (\$8.6 million), impairments (\$4.6 million) incurred predominantly as a result of our decision to close the Paris-Le Bourget T3 FBO (whilst continuing to operate from T1) and \$5.0 million relating to costs associated with previously disposed businesses.

Exceptional and other items on discontinued operations, net of tax, include a \$41.7 million impairment of ERO.

Acquisitions

The Group acquired FBO operations at Geneva and Sion from TAG Aviation for \$20.9 million, net of cash acquired and received a rebate with respect to the prior year purchase of IAM Jet Centre of \$0.5 million following the finalisation of the working capital true up. On 2 March we sold our 24.5% stake in the joint venture with GAMA Aviation for \$20 million, of which \$12.5 million was received on completion. The balance of \$7.5 million in the form of a promissory note will be received over 8 equal instalment payments plus compounding interest over the four years post completion. We received our first instalment under the promissory notes during the third quarter, amounting to \$1.1 million.

Interest

Continuing Group underlying net interest, including the impact of IFRS 16, was \$123.4 million (2019: \$143.6 million). The decrease in underlying net interest of \$20.2 million reflecting lower net debt and lower interest rates.

Tax and dividends

Continuing Group underlying tax was a charge of \$18.7 million (2019: \$12.1 million charge). The tax charge reflects the impact of tax legislation changes in both the US and UK resulting from the impact of COVID-19. Cash taxes increased to a net outflow of \$74.8 million (2019: \$41.7 million outflow) due primarily to the settlement of \$63.2 million US taxes related to the gain on the sale of Ontic.

In the light of the continued uncertainty around the COVID-19 pandemic and to preserve our balance sheet strength and liquidity, the Board has taken the prudent decision to continue the suspension of dividend payments.

Pensions

The Group's net defined benefit pension and other post-retirement benefits liabilities stood at \$52.3 million at 31 December 2020 compared to a restated \$11.7 million net pension surplus at 31 December 2019. Details on the prior year restatement are included in the Accounting Policies of the Group. The change from a net pension surplus to a net pension deficit reflects the transfer of the UK defined contribution pension plan during the second half of 2020 to an independent Master Trust Plan. This transfer results in the Company no longer being able to recognise a pension surplus in respect of the UK defined benefit pension plan and instead is required to recognise a minimum funding liability of \$33.2 million.

We have agreed to make an annual deficit payment in respect of the UK defined benefit pension plan of £2.7 million in quarterly instalments for the period to 31 March 2030.

Cash Flow and Debt

Net debt on a reported basis decreased to \$2,183.5 million (FY 2019: \$2,250.7 million). CARES Act funding of \$79.8 million was awarded in June which comprised \$61.2 million of US payroll support in the form of a grant and a \$18.6 million promissory note. Of the \$79.8 million awarded, \$59.8m was received in the first half, split \$50.0 million grant and a \$9.8 million promissory note. Net debt to underlying EBITDA on a covenant basis increased to 3.7x (FY 2019: 2.2x). Interest cover on a covenant basis decreased to 5.6x for the 12 months to December 2020 (FY 2019: 6.9x).

Total Group free cash flow was an inflow of \$43.1 million (2019: \$187.2 million inflow). This reduction resulted primarily from the reduction in flight activity due to COVID-19, an exceptional cash outflow of \$24.7 million paid in January for indemnification and associated legal fees with respect to previously disposed businesses and the settlement of \$63.2 million US taxes related to the gain on the sale of Ontic. Adjusting for these non-operational cash flows demonstrates that the business despite being severely impacted by the COVID-19 disruption, remained strongly net cash flow positive through decisive management actions on operating costs. Net cash inflow from operating activities was \$306.3 million (2019: \$407.0 million). Free cash flow for the Continuing Group, pre-exceptional and Ontic tax cash flows was a \$116.0 million inflow (2019: \$212.0 million inflow).

Total Group gross capital expenditure amounted to \$84.3 million (2019: \$80.6 million). Principal FBO capital expenditure items include investment in Signature's FBO developments at Atlanta, FBO renovation at Washington Reagan, remodelling of our FBO at Washington Dulles and a hangar purchase at Baton Rouge. In light of the COVID-19 uncertainty we initiated a material reduction in our previously guided capital expenditure for the full year, while still delivering on certain growth capital projects, however as the market rebounded positively we flexed upwards our capital expenditure to support this improving trend.

Cash flows on exceptional and other items were an outflow of \$28.6 million (2019: \$16.4 million outflow) and are largely a result of settlement of legal matters relating to a previously disposed business and costs associated with the disposal process of the ERO business.

The Total Group made \$3.3 million of pension scheme payments (2019: \$8.0 million). Previously agreed deficit contributions of £2.7 million per annum through to March 2030 in respect of the UK defined benefit pension plan continue to be paid on a quarterly basis.

(Debt)/Cash profile by currency

\$m	2020 ¹	2019 ¹
US dollars	(2,093.3)	(2,118.5)
Sterling	(67.6)	(58.7)
Euros	(6.2)	(18.2)
Other	(16.8)	(14.2)
Net debt per balance sheet	(2,183.9)	(2,209.6)
Less fair value adjustments	59.5	13.4
Net debt classified as held for sale	(59.1)	(54.5)
Net debt per cash flow	(2,183.5)	(2,250.7)

¹ Including lease liabilities recognised under IFRS 16.

The Group policy with respect to cash deposits is to only have deposits with pre-approved banks with limits on the amounts deposited with each institution dependent on their long-term credit rating. Deposits are generally for short-term maturity (less than three months).

Financial risk management and treasury policies

The main financial risks of the Group relate to funding and liquidity, interest rate fluctuations and currency exposures. A central treasury department that reports directly to the Group Finance Director and operates according to objectives, policies and authorities approved by the Board, manages these risks.

The overall policy objective is to use financial instruments to manage financial risks arising from the underlying business activities and therefore the Group does not undertake speculative transactions for which there is no underlying financial exposure. More details are set out in note 17 to the Consolidated Financial Statements.

Funding and liquidity

The Group's operations are financed by 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. The Group maintains sufficient available committed borrowing facilities to meet its forecasted funding requirements.

During the first half of 2020, on the second anniversary of the \$400 million multicurrency revolving credit facility (RCF), the lenders approved an extension to the facility for an additional year which extended the RCF maturity date to March 2025. During June and July 2020, the Group took the precautionary measure of agreeing a covenant waiver for the RCF for the testing periods ending 31 December 2020 and 30 June 2021. As part of the agreement to waive our covenants under the RCF, we have agreed a minimum liquidity covenant test (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF be drawn at these additional dates. As at 31 December 2020 the Group was in full compliance with its banking covenants and minimum liquidity test.

As at 31 December 2020, the Group was undrawn under the RCF (2019: undrawn).

As at 31 December 2020, the Group had \$1,150 million (2019: \$1,150 million) of US senior notes outstanding with \$575 million (2019: \$575 million) accounted for at fair value through profit and loss as the fair value interest rate risk has been hedged from fixed to floating rates. The remainder is accounted for at amortised cost.

During 2020, Signature LLC received a loan from the US Treasury Department under the CARES Act (Section 4003 'Lending to Air Carriers and Businesses Critical to National Security'). The total amount of the promissory note loan received was \$18.6 million (\$1.0 million on 19 June 2020, \$8.8 million on 29 June 2020 and \$8.8 million on 30 July 2020). The loan has a current interest rate of 4% (1% Coupon and 3% PIK). The loan is guaranteed by Signature Aviation US Holdings Inc. and is accounted for at amortised cost.

Capital structure

During Q4 2019, the Group amended the RCF to reduce the facility size to \$400 million, amended the net debt to EBITDA financial covenant to 4.25 times and amended certain other definitions. The interest cover covenant of 3.0 times, based on EBITDA, remains unchanged. The financial covenants are tested on a pre IFRS 16 basis and the Group complied with its covenants during the year.

Although the net debt to EBITDA and interest cover covenant tests have both been waived as at 31 December 2020, if these tests had applied, then we would have been within the covenant levels referred to in the paragraph above. We comfortably met and complied with the minimum liquidity covenant test of \$150 million as at 31 December 2020.

Interest rate risk management

The interest rate exposure arising from the Group's borrowing and deposit activity is managed by using a combination of fixed and variable rate debt instruments and interest rate swaps.

The Group's policy with respect to interest rate risk management is to fix portions of debt for varying periods based upon the debt maturity profile and an assessment of interest rate trends.

At the end of 2020, approximately 52% (2019: 51%) of the Group's total borrowings were fixed at weighted average interest rates of 4.6% (2019: 4.6%) for a weighted average period of six years (2019: seven years).

Currency risk management

The Group's policy is to hedge all significant transactional currency exposures through the use of forward currency contracts. The Group's policy is to draw its borrowings principally in US dollars in order to match the currency of its cash flows, earnings and assets, which are principally denominated in US dollars.

Non-financial Information Statement

The table below, and information in this Annual Report which it refers to, is intended to assist our stakeholders in understanding our position on key non-financial matters.

Reporting requirement	Policies and guidelines governing our approach ¹	Risk management and additional information	Associated performance measures
Environmental matters	<ul style="list-style-type: none"> Strategic Flight Plan Net Zero targets Safety Management System 	Signature Renew → p7 Strategy in action → p18 A responsible business → p34 Environment → p44 Principal risks → p52	Environmental performance → p46 Carbon emissions targets → p44 CDP score → p46
Employees	<ul style="list-style-type: none"> Strategic Flight Plan Signature Recovery Playbook Code of Business Ethics Equal Opportunities and Anti-Harassment Guidelines Family Friendly Policies (UK) Safety Management System Standard Operating Procedures Data Protection Policy Privacy Policy 	Looking after our people during the COVID-19 pandemic → p11 Strategy in action → p18 A responsible business → p34 People → p37 Health, safety and security → p42 Principal risks → p52	Employee Engagement Survey → p37 Recordable Injury Rate (RIR) → p43 Number of locations achieving zero RIR → p43 Percentage of women employed → p39
Social matters	<ul style="list-style-type: none"> Strategic Flight Plan Code of Business Ethics Third Party Vetting Policy and Procedures Code of Ethics for Suppliers, Contractors and Consultants Global Tax Strategy 	Strategy in action → p18 A responsible business → p34 Customers and partners → p40 Community → p47 Principal risks → p52	Donations to charity → p47
Human rights	<ul style="list-style-type: none"> Code of Business Ethics Equal Opportunities and Anti-Harassment Guidelines Third Party Vetting Policy and Procedures Code of Ethics for Suppliers, Contractors and Consultants Data Protection Policy Privacy Policy 	People → p37 Human rights → p39 Customers and partners → p40	
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> Policy on Anti-Bribery; Gifts and Entertainment Code of Business Ethics Disclosure of Unethical Conduct Policy Code of Ethics for Suppliers, Contractors and Consultants 	Customers and partners → p40 Principal risks → p52	
Description of the business model	<ul style="list-style-type: none"> Business model → p4 		

¹ Certain Group policies and guidelines are not published externally.

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 Company for the benefit of its members. The Statement below sets out how the Board believes it has achieved this during 2020.

Shortly after it became clear that COVID-19 was likely to have a significant impact on the year, Mark Johnstone discussed the six areas of focus. See page 9:

- Safeguarding employees and customers;
- Stepping up employee engagement;
- Taking control of liquidity;
- Protecting revenue;
- Aggressively managing costs; and
- Planning for and then executing the recovery.

The Board supported these six areas of focus and these were a lens for decision making on our COVID-19 response during the year. The Group's culture and values remained ever present in the minds of directors and the Board's opinion is that Signature Aviation's culture and values are wholly consistent with the provisions of section 172 of the Companies Act.

The Board considered approaches to acquire the Company several times during the year. In addition to the outcome for shareholders the Board carefully considered its duties under section 172 and in particular considered the impact of recommending a transaction in the long term and also carefully considered the likely impact on customers, employees and other stakeholders.

The Board has oversight of the matters and policies referred to in the Resources and Relationships section of this report (pages 34 to 49) with particular emphasis on the Ethics policies, the Modern Slavery Statement, Diversity and Inclusion, the Tax Policy, HSSE and the Hardship Fund.

The key stakeholders are set out in the Corporate Governance report on page 68 and the discussion below illustrates how some of the key decisions and matters considered by the Board fit within the section 172 requirements:

Likely consequence of any decision in the long term	<p>Necessarily in a crisis the six areas of focus described above initially appear to focus on the short term. However, in the view of the Board, addressing each of these was vital to both continuing to operate in the short term and providing a solid base from which to plan for the recovery and ensure the long-term sustainability of the Company for the benefit of all stakeholders, including Signature Aviation's nearly 6,000 employees.</p> <p>The decision the Board took regarding the suspension of dividend payments in the first quarter was very much taken with the long-term view of sustaining shareholder value. The Board very carefully considered this decision and recognised it was the right long-term decision given the short-term uncertainty. The voluntary decision by all Board members and the Signature Leadership Team to take a 20% reduction in salary in the second quarter of the year was also a decision taken in the best long-term interests of the Company.</p> <p>Notwithstanding the desire to control costs and manage liquidity, the Board continued to make disciplined investments in long-term FBO assets including Geneva and Sion in Switzerland. We also completed the acquisition of the remaining 51% interest in the St Thomas Jet Center in the British Virgin Islands. These decisions were in the best long-term economic interests of shareholders.</p> <p>Given the average lease length of our FBO assets and lease renewals the Board's timelines are drawn towards the longer term. More generally, when the Board is considering the Group's strategy, Viability Statement, and conducting its review of emerging risks, the Board takes a long-term view when making decisions.</p>
Foster business relationships with suppliers, customers and others	<p>The Board is fully aware of the need to foster these relationships for the long term as without such long-term relationships the business is unlikely to be sustainable. There is an ongoing focus on high standards of customer service and the Board is regularly briefed on relationships with key customers and suppliers both in respect of specific and general decision making. The management team has introduced a more robust process for obtaining customer feedback to help it and the Board to better understand the customer.</p> <p>The Company continued to pay suppliers in a timely manner and managed customers' credit and payment terms on a case by case basis.</p> <p>The Company's operations remained open throughout the COVID-19 pandemic and the safety of employees, customers and others remained of primary importance. Using the Recovery Playbook and the Signature Assure brand the Company has ensured consistently high standards of customer safety across the global network, even if local requirements were lower.</p>

Interest of the Company's employees	<p>Following discussions at the start of the year regarding an increased focus on ensuring the employee voice was heard in the boardroom, there were a number of activities planned around Board meetings to ensure that the non-executive directors had opportunities to meet a broader group of employees. These plans were impossible in light of the COVID-19 pandemic, and a revised Employee Voice programme was launched in the second half of the year. The programme facilitates non-executive directors meeting with employees, either through site visits or virtual focus groups selected randomly from the whole workforce.</p> <p>The Employee Voice programme has improved the non-executive directors' understanding of what it is like to work for Signature Aviation and has informed Board discussions on a range of topics including safety and training. The Board has taken comfort from the positive messages it has heard from employees.</p> <p>The decision to establish a hardship fund for employees (that was initially funded from the voluntary reduction in Board and Leadership Team salaries) was to provide an additional safety net for employees who found themselves falling on hard times. The Signature Hardship Fund is intended to be enduring and continue to support employees beyond the current pandemic.</p> <p>At the Board meeting on 1 July the Board received a detailed presentation on the outcomes from the 2019 Employee Engagement survey, again informing the Board on the views held by the wider workforce. The Board was also pleased to discuss the new Diversity & Inclusion strategy in November with the Chairman and Amee Chande attending a number of the D&I Committee meetings.</p> <p>Throughout the ERO sale process the Board has been mindful of the impact on employees of working for a business held for sale and has made sure relevant updates were provided to the workforce.</p>
Impact of the Company's operations on the community and the environment	<p>The Board is briefed on the impact on communities and the environment of all major decisions. Climate change is consistently in the public mind and it is something that is a very important part of the Company's reputation and how stakeholders, and particularly customers and employees, feel about Signature. At the Board meeting on 1 July 2020, Tony Lefebvre presented a deep dive that assessed the Group's environmental footprint and made recommendations regarding carbon reductions with a target of becoming carbon neutral by 2050. More detail on how this will be achieved is set out on pages 44 to 46. The Board also supported plans to grow availability of sustainable aviation fuel under the Signature Renew brand. This not only features on the front cover of the Annual Report but is also mentioned in various sections, and particularly on page 7.</p> <p>A number of the construction projects approved by the Board are targeting LEED certification and others include solar panels to generate electricity. Read more about these projects and our community involvement on pages 45 and 47.</p>
The desirability of the Company maintaining a reputation for high standards of business conduct	<p>The Board approved a revised Code of Business Ethics and a new Policy on Anti-Bribery; Gifts and Entertainment.</p> <p>With the support of the Board, Mark Johnstone is leading a review of the Company's purpose involving a group of about 40 employees from different levels within the organisation and will include a review of the articulation of the Company's Values.</p> <p>As with fostering relationships with suppliers, customers and others, the maintenance of high standards of ethical conduct is very important and underpins our licence to operate and therefore the sustainability of the business. Again, more information on our ethics policies and how they are implemented can be found in the Resources and Relationships section starting on page 34.</p>
The need to act fairly between members of the Company	<p>The Board has a clear responsibility to act fairly between shareholders, as the owners of our business, and there is the appropriate reporting structure in place to ensure the Board is informed and can consider shareholders' views. We hold results presentations, attend investor events and, when required, will host capital markets days. The executive team is available for one-to-one and group meetings with investors and we also offer meetings hosted by the directors. The website, Annual Report and AGM are also easily accessible to keep our investors informed.</p>

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report on pages IFC to 111. The financial position of the Group, its cash flows and liquidity position are described on pages 24 to 30. In addition, note 17 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

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, as well as their recommendation to shareholders to accept a formal Rule 2.7 cash offer from Brown Bidco Limited (the "Transaction"). These are each discussed in detail below.

The Group's committed bank facilities comprise a \$400 million multicurrency revolving credit facility (RCF) dated 26 March 2018 due to expire in March 2025, \$500 million senior unsecured notes due 2026 and \$650 million senior unsecured notes due March 2028.

In total, the Group has debt obligations and facilities of \$1,550 million and, as at 31 December 2020, the Group has available \$400 million of undrawn committed borrowing facilities. These debt obligations and facilities are subject to cross default. Further details relating to these debt arrangements are provided in note 16 to the Consolidated Financial Statements.

The bank facilities are subject to two main financial covenants: maximum net debt to underlying EBITDA of 4.25x; and minimum net interest cover of 3.0x underlying EBITDA which are both tested on a pre-IFRS16 basis. In July 2020 the Group took the precautionary measure of agreeing a covenant waiver for the testing periods ending 31 December 2020 and 30 June 2021 with our Group of relationship banks for our \$400 million unsecured RCF expiring March 2025. As part of the agreement to waive the Group's banking covenants a minimum liquidity threshold has been agreed (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF facility be drawn at these additional dates. These financial covenants are only related to the Group's RCF facility, the unsecured US bonds do not contain any financial covenants. The directors expect the Group to comply with these covenants for the foreseeable future.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities for the foreseeable future. In assessing this the Directors have considered the uncertain economic outlook, including any future impact of the Covid-19 pandemic, and the impact this could have on trading performance. The principal risks and uncertainties affecting the forecasts and projections, to which the Group is exposed, relate to the number of hours of flying activity, principally in business and general aviation, but also to a lesser extent in commercial and military aviation. Flying hours largely dictate the drivers of revenue, namely fuel volumes in Signature and engine overhaul cycles in ERO. On 17 February 2021 the Group announced that an agreement had been reached with Standard Aero on the terms of the sale of the Engine Repair and Overhaul (ERO) business with expected legal completion later in 2021. Further details of these risks and uncertainties are provided on pages 52 to 54.

The directors have carried out a critical review of the Group's 2021 budget and medium-term plans with due regard for the ongoing impact of Covid-19 and wider risks and uncertainties to which the Group is exposed and the impact that these could have on trading performance. Given the global political and economic uncertainty resulting from the Covid-19 pandemic, in spite of this uncertainty the Group has been able to reforecast with reasonable accuracy to date throughout the Covid-19 pandemic. The impact of risks and uncertainties and the mitigating actions available to the Group are further outlined in the following viability assessment.

The key assumptions used in constructing the budget were as follows:

- In Signature we anticipate continued recovery from the impact of the Covid-19 pandemic in Signature and EPIC, with the business continuing to outperform the B&GA market at the airports from which we operate and well placed to return to outperformance against the overall US B&GA market as the North East (NE), business travel and international traffic recover over 2021 and 2022.
- ERO is forecast to continue to deliver robust performance in a competitive market and pricing environment in spite of the Covid-19 pandemic. The sale of ERO is expected to legally complete later in 2021 and is expected to have a beneficial impact on the Group's covenants for December 2021.

The Directors' assessment of going concern was carried out against a base case forecast for the continuing recovery in B&GA flight activity during 2021 and continuing throughout 2022.

A reasonable worst case scenario was also assessed compared with the base case which reflected a return to the significant reductions in B&GA flight activity that could arise from a further requirement for lockdown measures in the Group's core markets. Together with unfavourable tax legislation driving increased effective tax rates, increased cash tax liabilities and increased cost of debt. If no actions were taken, the combined impact of this scenario results in a breach of the Group's net debt to EBITDA covenant at December 2021. Under the reasonable worst case the Group maintains liquidity throughout the assessment period.

If such a scenario were to occur, the Group would take mitigating actions including reducing discretionary capital expenditure, suspending inflationary pay increases and crystallising favourable interest rate swaps. The Group would not breach any financial covenants in this downside scenario as a result of taking these mitigating actions.

If a more severe scenario arose, which is considered remote, there are further unmodelled mitigating actions available to the Group including reduction of discretionary travel expenses, entertainment spend and professional fees as well as further hours and pay reductions. Additionally, the legal completion of the ERO sale is expected to have a beneficial impact on the Group's covenants during the Going Concern assessment period.

On 5 February 2021 the Group announced that the Directors of the Group recommended to shareholders the acceptance of a formal Rule 2.7 cash offer from Brown Bidco Limited (the "Transaction") (a newly formed company to be indirectly owned by joint offerors (i) Blackstone Infrastructure and Blackstone Core Equity, (ii) Global Infrastructure Partners and (iii) Cascade). This offer is subject to shareholder, regulatory and other approvals. Bidco's investors have stated within the Rule 2.7 offer that they believe that the development of the Group will be best served as a private company. The Transaction will result in a change of control which may impact contracts including existing financing agreements including our RCF and our 2018 and 2019 unsecured US senior notes.

The Directors have concluded that it is beyond their control to dictate or confirm the actions of the prospective purchasers after they acquire the Group. Therefore, given the potential change in control, the directors consider these conditions to constitute a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding this uncertainty, 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.

Viability Statement

Long term prospects

In accordance with provision 31 of the UK Corporate Governance Code, the directors have assessed the financial and operational position and prospects of the Signature Aviation Group. The Directors' assessment considered the three year period to December 2023. This assessment was based on the three year financial forecast for the Signature Aviation Group which was prepared on a business by business basis alongside the Signature Aviation Group annual budget and strategic planning processes.

The Group's current position provides a strong foundation for future growth as outlined in the Group's Strategy on pages 18 to 22. Signature is a market leader with an unrivalled global network of FBOs secured on long leaseholds providing sustainable competitive advantage.

Our overall performance will be supported by further incremental contributions from the substantial investments made across the Group in recent years. Over the longer term, the underlying strengths of our market leading businesses, the continuing improvement in their operational performance and the structural growth and consolidation in our major markets support the Board's confidence in the Group's ability to generate superior through-cycle returns.

Viability statement

The Directors consider the three-year period to December 2023 to be the appropriate viability assessment period based on the historic performance of the Group and its key underlying markets. The directors have given consideration to the levels of uncertainty within the global economic and political environment and to the risks faced by the Group and believe a three-year period remains the optimal balance of long-term projections and acceptable forecasting accuracy.

In making their assessments the Directors have considered the potential financial and operational impacts of severe yet plausible scenarios that could impact the three year financial performance of the Group. The severe yet plausible scenarios considered are broadly aligned to the principal risks and uncertainties set out on pages 52 to 54 and incorporate both external factors such as a potential downturn in the B&GA market and internal factors such as possibility that our planned strategic initiatives may prove ineffective.

Given the global political and economic uncertainty resulting from the Covid-19 pandemic, it is difficult to estimate with precision the impact on the Group's prospective financial performance. The Directors have therefore given consideration to a severe yet plausible scenario which incorporates the trends which have been observed during the pandemic so far, in addition to other prominent risks facing the Group. In particular, the scenarios modelled include the following assumptions:

- the Group's operations are impacted by a severe downturn akin to a second lockdown in March to May 2021;

- unfavourable changes in tax legislation and unfavourable tax rulings in both the USA and EMEA driving increased effective tax rates and cash tax liabilities;
- increased cost of debt as a result of unfavourable changes to the global economic and political environments; and
- the proposed acquisition of the Group not completing and the Group being burdened with unconditional professional fees.

Further downside sensitivities which extend the length of the reduced activity in the B&GA market were also considered and found to have a lesser impact than the severe downturn modelled in the Group's Covid-19 scenario.

In their assessment of the impact of plausible scenarios on the Group, the directors have also considered the likely effectiveness of available mitigating actions. In particular, in the reasonable worst case scenario the mitigating actions available to management were considered, including:

- Crystallising the Group's favourable interest rate swaps to provide immediate cash benefits;
- Suspending or cancelling inflationary pay increases assumed in the Group's 2021 Budget and potential reductions in discretionary pay awards; and
- Reducing discretionary capital expenditure in 2021.

As a result of the above actions the Group continues to operate within its covenants and with significant liquidity under the Group's reasonable worst case scenario.

In the event of a more severe downturn, a scenario and sequence of events which is considered remote, management would consider further available mitigating actions including reduction of discretionary travel expenses, entertainment spend and professional fees as well as further hours and pay reductions.

Furthermore, on 17 February 2021 the Group announced that an agreement had been reached with Standard Aero on the terms of the sale of the Engine Repair and Overhaul (ERO) business with expected legal completion later in 2021. The legal completion of the ERO sale is forecast to have a beneficial impact on the Group's covenants.

Based on this assessment the directors have a reasonable expectation that in its current form of ownership the Company and the Signature Aviation Group will be able to continue in operation and meet their liabilities as they fall due for the three-year period to December 2023. Given the potential change in control the Directors have concluded that it is beyond their control to dictate or confirm the actions of the prospective purchasers after they acquire the company. As a result, there is a material uncertainty which casts significant doubt over the going concern and viability assumptions for this company as outlined in the Directors' Going Concern statement.

This Strategic Report was approved by the Board of Directors on 1 March 2021 and is signed on its behalf by:

Mark Johnstone,
Group Chief Executive Officer
1 March 2021

David Crook,
Group Finance Director
1 March 2021

Chairman's introduction

I am pleased to introduce the Corporate Governance Statement for 2020. For obvious reasons 2020 has been a year like no other, dealing with both the pandemic and a number of approaches from third parties seeking to acquire the Company. I have been delighted with the performance of the executive team and the flexibility of Board members to provide governance oversight for all stakeholders.

Introduction

When the Board met in London in February 2020 nobody could have anticipated what lay before us: all Board and Board Committee meetings since have been held by video conference, with a significant number of additional meetings held to help manage and monitor the response to the pandemic and to consider a number of approaches from third parties seeking to acquire the Company. The Board has operated effectively during the year and has overseen business performance and supported the executive team, who have been unbelievably busy.

We made special arrangements for the 2020 AGM as it was not possible to have the normal physical meeting and asked all shareholders to vote by proxy. We were delighted with the support received in respect of all resolutions.

It seems likely that we will be holding a general meeting and meeting under the jurisdiction of the High Court to consider the offer from the consortium to acquire the Group on 18 March 2021. Your Board is keeping the AGM arrangements under review and will make a decision in the coming weeks. If the AGM goes ahead the directors' Remuneration Policy will be put to shareholders. The reasons for the proposed changes are set out in the Remuneration Report. The recommendations from the Remuneration Committee were considered by the Board and are unanimously supported.

The split of responsibilities between the Chairman and Chief Executive is published on the Company's website, together with the matters reserved to the Board, our expectations for our Committee chairs, our Senior Independent Director, and our non-executive directors. The Board has delegated day to day running of the business to the Chief Executive.

Possible offers for the Company

During 2020 and the first part of 2021, the Board received a number of approaches proposing to acquire the Company. The directors carefully considered each approach, giving full consideration to their duties to shareholders and other stakeholders. The process to acquire any UK listed company is complicated and governed by strict legal and regulatory regimes. If the process has not concluded by the time shareholders are reading this, please refer to the formal documentation received from the Company.

There are some references to the process the Board followed and the matters considered in the more detailed report on the Board starting overleaf, and in the Section 172 Statement on page 59.

Directors

There have been no Board changes during the year and none are proposed. If the AGM is held, then all directors will stand for re-election. The Board believes that each of the directors should be re-elected by shareholders, because each continues to be effective and demonstrates commitment to their role.

Last year I told you that I would be reducing my external commitments: as expected I stepped down from the Business Growth Fund on 30 June 2020. I was anticipating retiring from the Board of Meggitt PLC following their AGM in 2021, but I have been asked to remain as Chairman to lead the Board through the COVID-19 pandemic and have agreed to do so.

The Board has concluded that Amee Chande, Peter Edwards, Emma Giltthorpe, Vicky Jarman, Stephen King and Peter Ventress are independent in character and judgement.

The Company has formal procedures in place to ensure that the Board's powers to authorise conflicts are operated effectively, and such procedures have been followed throughout 2020.

Board

My role as Chairman has been to provide leadership to ensure that it is possible to make high-quality decisions. I am responsible for leading the Board and ensuring ongoing improvement in the Board's effectiveness. In 2020, we conducted an internal evaluation facilitated by the Company Secretary – further details are on page 69.

The Board and its Committees strive to improve their effectiveness in support of the Group's objective of delivering exceptional long-term sustainable value for all our stakeholders.

We keep Group policies and procedures under regular review, bearing in mind the ever-evolving business and governance environment that we operate in.

During 2020 the Board approved a refreshed Code of Business Ethics and a new policy that combined the previous policies on Gifts and Entertainment and Bribery and Corruption to make it easier for employees to understand given the overlapping issues that each addressed.

Further information is provided on the work of the Board and its Committees on the following pages.

Governance

The Company has complied with the Provisions of the UK Corporate Governance Code (the 'Code') throughout the year. As in previous years, we include a compliance section within the Reports and have this year reported against the provisions of the Code in a side bar that runs throughout the Governance Report and at the end of the Remuneration Report.

Amee Chande is the designated non-executive director to help the Board hear the voice of the wider workforce. Amee's role involves understanding and presenting the workforce's position to the Board, although she is not obliged to support such a view if it is inconsistent with her duties as a director.

The plan for 2020 included additional site visits within the Board meeting programme to amplify the employee voice. When it became clear that we were unlikely to be able to travel, Amee, with support from the Chief HR Officer and the Company Secretary, put together a programme for the non-executive directors to meet employees. The non-executive directors held eight virtual focus group sessions with four to six employees selected at random. Additionally, individual non-executive directors completed three site visits in the US where they held socially distanced focus groups.

The Company undertook an Employee Engagement Survey towards the end of 2020, and the Board has time set aside to review the detailed results and the proposed actions. The response rate was 93% and the employee engagement score has improved from 40% to 53% in the last year. A high level summary of the results is presented on page 37. Diversity and inclusion is covered on page 38. Amee Chande and I joined meetings with the Diversity and Inclusion Committee in the second half of the year to support its work.

Conclusion

Board members appreciate their interactions with shareholders and listen carefully to any comments. I welcome your comments on this Corporate Governance Report and on the 2020 Annual Report more generally.

Sir Nigel Rudd,
Chairman



The Board is delighted to note the progress of the business on environmental sustainability matters and, during the year, approved an ambitious target of reaching Net Zero by 2050. The roll out of Sustainable Aviation Fuel and the solar programme are exciting developments that demonstrate true leadership in the B&GA sector.

Sir Nigel Rudd
Chairman

Board of Directors

Chairman and non-executive directors

Sir Nigel Rudd (74) N R **Chairman**

Appointed to the Board in December 2013. Sir Nigel Rudd became Chairman in May 2014. Sir Nigel is also Chairman of Meggitt PLC and Sappi Limited. In February 2011, he was appointed Chairman of the Business Growth Fund. Sir Nigel has a wealth of experience at the top of UK industry, including previous chairmanships of Invensys plc, Alliance Boots plc, Pendragon plc, Heathrow Airport Holdings Limited and Pilkington plc; and as founder of Williams plc he oversaw its demerger in 2000, creating Chubb plc and Kidde plc. Sir Nigel is Deputy Lieutenant of Derbyshire and a Freeman of the City of London.

Ameé Chande (47) A N R **Non-executive Director**

Appointed to the Board on 1 January 2018. Ameé brings significant digital and consumer experience to the Board from executive roles at Waymo (Google), Alibaba, Tesco and Walmart. Ameé began her career at McKinsey and Company in Canada after completing her MBA at Harvard and MSc at the London School of Economics, and has since lived and worked in North America, Asia and Europe. Ameé lives in California where she is working with a portfolio of start-up companies in the consumer and mobility sector.

Wayne Edmunds (65) **Non-executive Director**

(not independent within the Code definition)

Appointed to the Board in August 2013 and acted as Interim Group Chief Executive from 1 July 2017 to 31 March 2018. He is also a non-executive director of MSCI, Inc. He has extensive global commercial experience. He was Chief Executive of Invensys plc until January 2014 and Chief Financial Officer prior to that, having joined the business in 2008 as CFO of Invensys Process Systems. He joined Invensys plc from Reuters America, Inc., having held other senior business and financial roles in the technology sector, including 17 years at Lucent Technologies, Inc. He was Chairman of Dialight from 2016 until 2019 and was a non-executive director of Ashted Group plc from 2014 to 2018.

Emma Gilthorpe (50) A N R **Non-executive Director**

Appointed to the Board on 1 January 2018. Emma brings extensive aviation experience from her various roles at Heathrow Airport Limited (formerly BAA), where she is Chief Operating Officer. She started her career at Cable & Wireless plc where she worked in commercial, regulatory and policy roles before becoming Group Director, Regulatory Affairs in 2004. In 2005 she joined the Management Board of Openreach, then moved to BT as Group Director for Industry Policy and Regulation in 2007. She joined Heathrow Airport in 2009 as Regulatory Director and became Executive Director, Strategy in 2013 before taking her current position. Emma is a qualified barrister.

Vicky Jarman (48) A N R **Non-executive Director**

Vicky Jarman was appointed to the Board on 7 January 2019. She is also a non-executive director at Great Portland Estates plc and Entain plc (from 4 March 2021). Vicky started her career with KPMG and qualified as a Chartered Accountant. Shortly after qualification she moved to Lazard & Co, working in the Corporate Finance team before becoming Chief Operating Officer for the London and Middle East operations until 2009. Vicky has previously held non-executive appointments at De La Rue, Equiniti Group, Knight Frank and Hays.

Stephen King (60) A N R **Non-executive Director**

Stephen King was appointed to the Board on 7 January 2019 and Chairman of the Audit and Risk Committee in May 2019. He is a non-executive director and chairman of the Audit Committee at Chemring Group plc. Stephen started his career at Coopers & Lybrand and is a Chartered Accountant. He has significant experience within the industrial, engineering and manufacturing sectors, including a number of executive and non-executive roles. Until November 2018 he was Group Finance Director at Caledonia Investments plc, the FTSE 250 investment company. He has previously been a non-executive Director and Chairman of the Audit Committee at TT Electronics plc and The Weir Group plc. Stephen was Finance Director at De La Rue plc from 2003 to 2009, and prior to that at Midlands Electricity plc.

Executive directors

Peter Edwards (65) A N R Non-executive Director

Appointed to the Board in January 2016. Peter has spent his career primarily in the aerospace sector across a wide spectrum of roles. He began his career with AirResearch Aviation, followed by nine years at Gulfstream in a variety of senior sales and marketing roles. In 1995, he joined Bombardier Aerospace Corporation, where in 2001 he was promoted to President of Business Aircraft. Peter was CEO of Jet Aviation, a global business aircraft service provider, between 2007 and 2011. Since leaving Jet Aviation, Peter has founded P.G. Edwards Advisors, an aviation advisory practice focusing on business and commercial aviation. In January 2012, he established Axis Simulation Holdings, the parent company of Austria based Axis Flight Training Systems where he is Principal and Chairman.

Peter Ventress (60) A N R Non-executive Director

Appointed to the Board in January 2016 and was appointed Senior Independent Director and Chairman of the Remuneration Committee in May 2019. Peter is Chairman of Galliford Try plc and Bunzl plc. He was formerly a non-executive director of Premier Farnell plc, Softcat plc and Staples Solutions N.V. From 2009 he spent six years as CEO of Berendsen plc. Prior to this he held several senior executive roles, including International President at Staples Inc. and Chief Executive Officer at Corporate Express NV, a Dutch quoted company, prior to its acquisition by Staples Inc. Peter has held a number of other senior management positions across different businesses in a variety of industries and has lived and worked in France, Canada and the Netherlands.

Mark Johnstone (52) Group Chief Executive Officer

Mark was appointed Group CEO and joined the Board in April 2018. He joined the Group in 2008 as Group Corporate Development Director before becoming CFO, Signature Flight Support in 2009. In September 2012, Mark took over as Managing Director of APPH, managing the turnaround of the business ahead of its successful sale in February 2014. In March 2014, Mark became Managing Director EMEA, Flight Support with responsibility for Signature Flight Support and ASIG's operations in the EMEA region. In 2016, Mark was appointed President and COO of Engine Repair & Overhaul. Prior to joining the Group, Mark held roles in the aerospace and off-highway division of GKN plc. He is a Chartered Accountant and holds an Honours degree from Bristol University.

David Crook (52) Group Finance Director

Appointed to the Board as Group Finance Director in June 2017 having joined the Group in April 2015 as Group Financial Controller. David's previous roles include Head of Group Finance at AZ Electronic Materials, as well as general management and finance roles within Sun Chemical, Telewest Global, Vantico Group and Corus Group. David is a qualified accountant and holds an MBA from Warwick Business School.

Compliance with the Corporate Governance Code

Reporting against the Code deals with the Principles (represented by letters) and the Provisions (represented by numbers). Both the Principles and Provisions are summarised in the interests of space. The full Provisions can be found on the Financial Reporting Council's website at www.frc.org

A – Led by an effective board

Compliant with the Principle evidenced by the Board effectiveness review.

B – Purpose, values and strategy

The Company has a purpose and values that are under review. In December 2020, the Board approved the strategy for 2021 and beyond.

C – Necessary resources and control framework

The CEO reports to the Board on progress against strategic objectives and any challenges. There is an effective control framework as described on page 75. The Risk Governance Framework is set out on page 50.

D – Responsibilities and engagement with shareholders

The engagement programme with shareholders is led by the executive directors, and the Chairman of the Board, the SID and the Chairmen of Committees are available to meet shareholders on request. The Head of Investor Relations prepares a report for each Board meeting.

E – Workforce policies and practices

This was a new provision in 2019 and the Remuneration Committee led on these responsibilities in 2019. There have been no significant changes to the policies and practices in 2020. The Committee has a session scheduled to review in May 2021.

Key to Committee members

Audit and Risk Committee	A
Nomination Committee	N
Remuneration Committee	R

The Board

Board activity in 2020

Some of the important matters considered by the Board, together with the time allocation, are illustrated in the pie charts and table on page 70.

The Board met in London in February where, amongst other things, it reviewed and approved the financial results and the Annual Report for 2019.

As the pandemic situation developed from early March, the Group Chief Executive provided frequent updates to the Board by email and a number of informal conference calls were held to discuss the situation. Mark Johnstone presented the Board with a six point plan to manage the pandemic:

- Safeguarding employees and customers;
- Stepping up employee engagement;
- Taking control of liquidity;
- Protecting revenue;
- Aggressively managing costs; and
- Planning for and then executing the recovery.

The Board supported the plan and Mark Johnstone updated the directors regularly by email as the situation developed.

In addition to the normal cycle of meetings we held eight additional Board meetings and a number of Board Committee meetings between March and December to consider approaches from third parties interested in acquiring the Company and the response to the pandemic.

The Board considered all aspects of the potential offers including the value for shareholders and the impact on employees, customers and suppliers, which resulted in a recommended offer from Global Infrastructure Partners announced on 11 January 2021 and again considered the same factors when making the recommendation to support the offer from the consortium consisting of Blackstone, Global Infrastructure Partners and Cascade that was announced on 5 February 2021.

At the scheduled meetings during 2020, the Board received reports from the Group Chief Executive and the Group Finance Director, together with reports and updates on health and safety, litigation and potential mergers and acquisition activities. Whilst the agendas did not change significantly from prior years, the content of the papers focused on the issues arising from the pandemic.

The Board regards shareholders, customers, employees, suppliers, airports and the local communities where the company operates as the primary stakeholders although recognises that the interests of others may need to be considered and can have a bearing on decisions.

The Board's engagement with employees during 2020 focussed on the Employee Voice programme. Engagement with shareholders is described in item 3 in the panel on the right hand side of this page. The Board had intended to invite representatives from customers to join them for an event linked to a Board meeting but this was not possible during the pandemic.

Compliance with the Corporate Governance Code

1 – Basis on which the company generates and preserves value

The Board reviewed and approved the Group's strategy in December. Detailed reporting against this Principle is contained in the Strategic Report and, in particular, from page 18.

2 – The board should assess and monitor culture

The Board increased its focus on this area in 2020 primarily through the Employee Voice sessions held in the second half. Whilst culture is notoriously difficult to measure, meetings with the wider workforce without managers present has greatly assisted the Board's understanding. The Chairman and Ameer Chande joined meetings of the Diversity and Inclusion Committee to understand and support its work. The Board received a detailed presentation on the results of the Employee Engagement Survey in July.

3 – Engagement with major shareholders

Engagement with shareholders is led by the executive directors. The Head of Investor Relations prepares a report for each Board meeting. The Board received reports prepared by our corporate brokers following the roadshow events. The Remuneration Committee and the Board carefully reviewed the feedback from shareholders regarding the proposals in respect of directors' remuneration.

4 – Action if 20% of shareholders vote against a proposal

No action required as all votes were supported by over 87% of shareholders voting at the AGM in May 2020.

5 – Views of key stakeholders and Section 172 statement

The Board is made aware of the views of key stakeholders through a variety of channels. The Employee Voice programme and the Engagement Survey have ensured the Board has heard from the workforce in 2020. The Section 172 statement expands on broader stakeholders and is on page 59 of the Strategic Report.

6 – Workforce concerns (known as whistleblowing)

The Company operates an anonymous whistleblowing hotline via a third party. All matters raised to the whistleblowing hotline are investigated and reported to the Audit and Risk Committee and reviewed by the Board.

7 – Conflicts of interest

Appropriate controls are in place to manage conflicts of interest at all levels of the Company. If a director declares a conflict or potential conflict it is either authorised by the Board in accordance with the articles of association, or the director would recuse him or herself from any conversations or decisions on such matters.

8 – Concerns held by a NED on resignation

There were no resignations during the year.

All meetings were held by video conference call. The planned visits to the new FBO in Atlanta and the corporate HQ in Orlando to meet those teams did not take place owing to the pandemic.

The Board considers it has made good progress against its objectives during the year, although it recognises that succession planning will need to remain an area of focus. The Board is pleased to note that a talent review and succession planning process is now in place across the business with supporting training programmes.

Board evaluation

The Board conducted an external review in 2019. The findings from the review in 2019 included:

- Imaginative ways to overcome the challenges resulting from a UK listing and a largely UK-based Board with the majority of the business in the USA;
- Continuing to strengthen the culture to support high-end customer service;
- Increasing the Board's visibility across the organisation;
- Strengthening employee feedback and the workforce voice to the Board; and
- Reviewing and agreeing the Company's approach to sustainability and environmental impact.

The plans to address these findings were successful but the plans to increase visibility and strengthening employee feedback were frustrated by the pandemic, although the Employee Voice focus groups in the second half of the year did help.

The internal evaluation in 2020 was facilitated by the Company Secretary via a short questionnaire completed by all the directors of the Company. The feedback from the Board members was collated and discussed in December. The Board discussed the outputs from the review and discussed a number of actions including carrying forward some of the actions from 2019. The Board being aware of the potential offers for the Company agreed to finalise any actions in early 2021, when matters would be clearer.

Board activity in 2021

Notwithstanding the offer for the Company received in January, the Board will continue to manage the Company for the long term with a view to delivering sustainable returns to all stakeholders, keeping governance, strategy, talent, people and business performance under review until the ownership of the Company is settled.

Compliance with the Corporate Governance Code

F – Chairman leads the board and is responsible for its effectiveness

9 – Chairman independent on appointment

The leadership and effectiveness of the Board is evidenced through the Board evaluation and the Chairman was independent on appointment. The roles of the Chairman and CEO are separate and their respective responsibilities are documented and available on the Company's website.

G – Appropriate combination of executive and non-executive directors

10 – Identification of independent NEDs

See page 65 and biographies on pages 66 and 67.

11 – At least half the board are independent

The Company complies with the elements of the Code set out above and the relevant disclosures are primarily found on pages 65 to 67.

H – Non-executives have sufficient time to meet responsibilities

Board meetings are well attended with very few absences and there were no concerns regarding capacity to attend and contribute at either the scheduled or additional meetings, or the non-executive directors' combined abilities to support and provide constructive challenge to the executive team.

I – The board, supported by the company secretary, should ensure that it has resources to function

The Board is happy with the support provided by the Company Secretary.

12 – Appointment of senior independent director and review of chairman

Peter Ventress served as the SID during the year. In parallel to the Board effectiveness review, Peter Ventress spoke, individually, with each of the other directors to discuss the Chairman's performance and subsequently provided him with a summary of the feedback. The role of the SID is documented and available on the Company's website.

13 – Non-executives' role

The non-executive directors would have a primary role in the appointment or removal of any executive directors. The Chairman and the non-executive directors met in June 2020 without the executive directors being present. The Board held a number of short sessions at the end of their meetings in 2020 without the executive directors.

14 – Roles of chairman, chief executive and senior independent director and committee terms of reference

Fully compliant with the Code with the necessary documents published on the Company's website. The directors' attendance at meetings is shown in the table on page 70.

How the Board spends its time

Board meetings focus on strategy and financial and business performance. Eight additional meetings were held between March and December. The key matters considered by the Board during 2020 are shown below:

February	Annual Report and contents, AGM and dividend
May	Review of the approach to the COVID-19 pandemic Trading update

30 June/1 July	Review of the Employee Engagement Survey results Gender pay differences Sustainability and environmental strategy and targets
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September	Interim results Review of Board objectives
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October	Updates on strategic transactions Update on Employee Voice programme
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December	Annual strategy review
Two meetings	Review of progress during 2020 Preparation / planning for year end

Additional meetings	The Board held eight additional Board meetings in 2020. The two main topics were the response to the pandemic and the various potential offers for the Company.
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2020 Board and Board Committee meetings

The table below shows members' attendance at the Board and Board Committee meetings scheduled before the start of the year. Attendance by those who are not Committee members or where they were invited to attend all or part of a meeting are not shown.

Name	Board	Audit and Risk	Remuneration	Nomination
Amee Chande	7/7	5/5	5/5	1/1
David Crook	7/7	–	–	–
Wayne Edmunds	7/7	–	–	–
Peter Edwards	7/7	5/5	5/5	1/1
Emma Giltthorpe	6/7	5/5	4/5	1/1
Vicky Jarman	7/7	5/5	5/5	1/1
Mark Johnstone	7/7	–	–	–
Stephen King	7/7	5/5	4/5	1/1
Sir Nigel Rudd	7/7	–	5/5	1/1
Peter Ventress	7/7	5/5	5/5	1/1

The additional Board meetings noted above were well attended, as were the ad-hoc committee meetings.

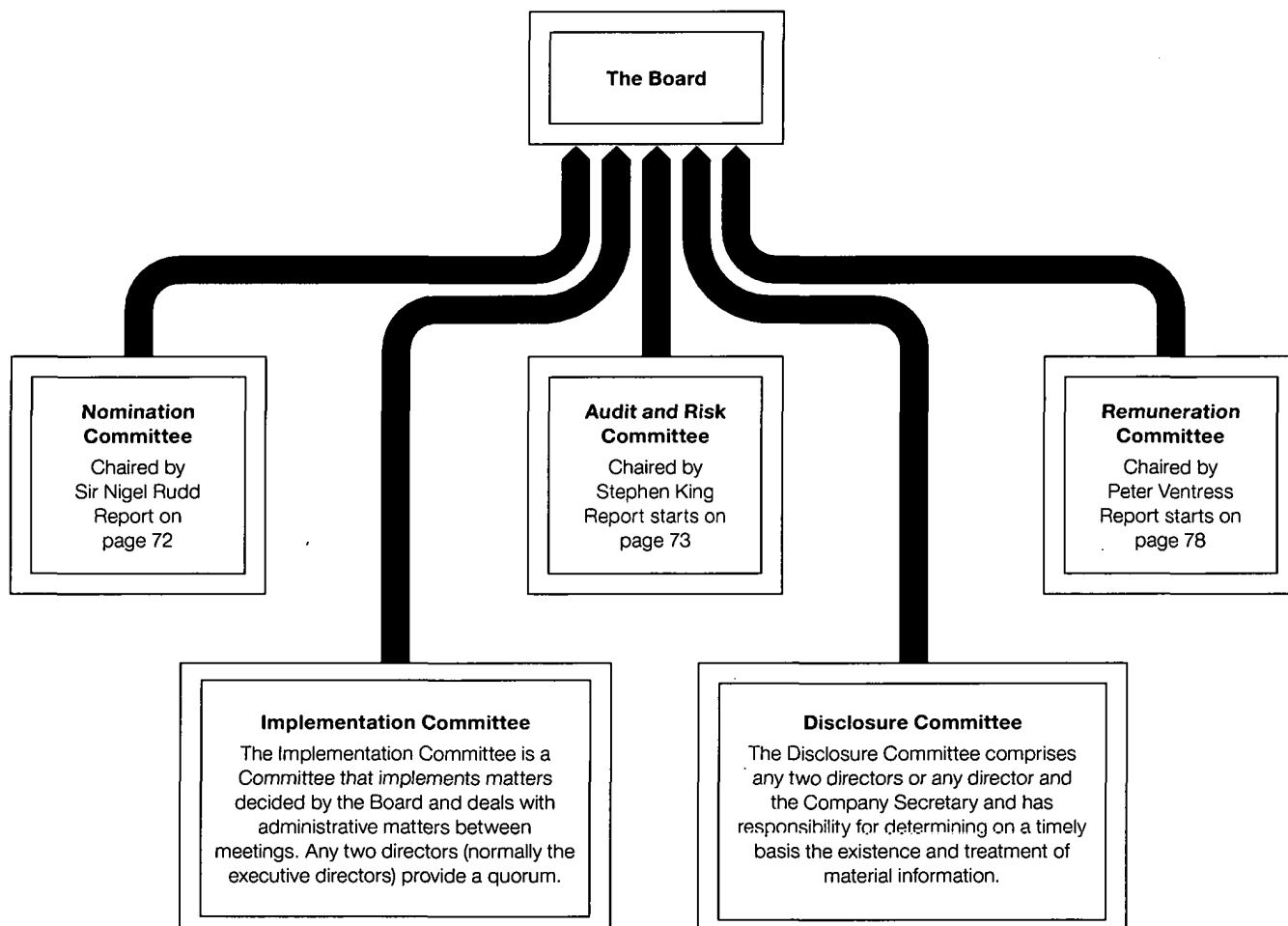
Board diversity

● Male	70%
● Female	30%

● Under 3 years	30%
● 3–5 years	50%
● 6 years or more	20%

Note: Under 3 years includes Mark Johnstone who joined the Group in 2008 and had significant experience of the Company prior to his Board appointment.

Governance structure



Board and Board Committee structure

The diagram above illustrates the Board level governance and the primary standing Committees that have been established to effectively run the business in compliance with the UK Corporate Governance Code.

Compliance with the Corporate Governance Code

15 – Time demands considered on new appointments

Time demands are managed and there are no concerns given the high attendance at Board meetings and active engagement between the meetings. The Board is conscious of so-called overboarding for Sir Nigel Rudd and this has been addressed in part, although it is noted he has agreed to remain on the Meggitt PLC Board owing to the pandemic rather than step down following the company's 2021 AGM.

16 – Access to and appointment of the company secretary

All directors have access to the Company Secretary. The Board effectiveness review noted the effectiveness and efficiency of the Secretariat and the appointment or removal of the Company Secretary is a matter reserved to the Board.

Nomination Committee

The composition of the Nomination Committee is set out in the table below. During 2020 the Nomination Committee comprised the Chairman and independent non-executive directors.

	During year				
	01/01/20	Resigned	Appointed	31/12/20	01/03/21
Sir Nigel Rudd (Chairman)	✓			✓	✓
Amea Chande	✓			✓	✓
Peter Edwards	✓			✓	✓
Emma Giltthorpe	✓			✓	✓
Vicky Jarman	✓			✓	✓
Stephen King	✓			✓	✓
Peter Ventress	✓			✓	✓

The Nomination Committee meets as required and other directors attend Nomination Committee meetings by invitation. There were no Board vacancies during the year and the Committee met in December.

The Committee

At the meeting in December, the Committee received a report from the Diversity & Inclusion Committee and agreed the targets and proposed actions to increase diversity throughout the workforce and also received a detailed presentation from the Chief Human Resources Officer covering talent and succession planning.

The talent review process built on the improvements in 2019 and continues to use a five box matrix.

The Company has demonstrated effective succession planning in recent years with seven out of eight members of the Signature Leadership Team (including both executive directors) being appointed to their current roles from within the organisation and 67% of management and supervisory roles in the business being appointed internally in 2020. The Nomination Committee and the Leadership Team recognise that succession planning is an ongoing concern that whilst succession planning is improving, our most senior roles remain an ongoing concern that will continue to require focus to ensure there is a pipeline of talent for senior roles when opportunities arise.

To improve the pipeline of talent a General Manager in Training and an Emerging Leaders Programme have been launched to replace the Manager in Training programme. These new programmes are tailored to help the participants take the next step in their career with Signature. These programmes are explained in greater detail in the Resources and Relationships section on page 34.

Sir Nigel Rudd,
Chairman

Compliance with the Corporate Governance Code

17 Establish a nomination committee

The Board has established a Nomination Committee and its composition complies with the Code's requirements.

J – Appointments subject to formal, rigorous and transparent approval. An effective succession plan should be maintained for the board and senior management

The appointment process complies with the Code requirements in all respects. There have been no appointments since January 2019.

The Company has an equal opportunities policy and applies this to all recruitment, including Board appointments. The Board does not believe in quotas to address any diversity concerns that may arise and will always appoint the most appropriately qualified person for any particular role. The Nomination Committee will ensure that the long lists of candidates are suitably diverse and, through selection of the strongest candidate on each occasion, this will lead to an appropriately diverse Board and workforce. The Board believes this approach is both non-discriminatory and effective.

K – Board and committees have combination of skills, experience and knowledge

The biographies of directors on pages 66 and 67 and the comments in the Board effectiveness review suggest the necessary combinations of skills, experience and knowledge are present.

18 – Annual re-election process for all directors

All directors are put up for election or re-election annually by shareholders at the AGM.

19 – Chairman's tenure less than nine years

The Chairman has been on the Board for seven years and the Company is compliant with the Code requirements.

20 – Open advertising/search consultancy for NED roles

The Company has historically used a search consultancy that is accredited under the Enhanced Code of Conduct for executive search firms and expects to continue with this approach. We would not expect a search consultancy to provide other services to the Company. No search consultancies were engaged during the year as there were no Board vacancies during the year.

L – Annual evaluation process

21 – Formal and rigorous annual evaluation

A comprehensive annual evaluation is carried out and the process followed in 2020 is set out on page 69.

22 – Act on results of evaluation

The paragraphs on the evaluation report progress against actions agreed in previous years, and summarise the actions from that review to be addressed in the following year. This can be found on page 69.

23 – Work of the nomination committee

There were no Board vacancies during the year and the work is described in the column to the left.

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. For the production of the Annual Report and Accounts, the Audit and Risk Committee was again asked by the Board to advise whether the Report and Accounts, taken as a whole, are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Audit and Risk Committee also reviewed the Viability Statement and the supporting process on behalf of the Board before they were put to the Board for approval.

The report on the Audit and Risk Committee is set out below.

Stephen King,
Chairman of the Audit and Risk Committee

Composition

The composition of the Audit and Risk Committee during 2020 is set out in the table below.

	During year				
	01/01/20	Resigned	Appointed	31/12/20	01/03/21
Stephen King	✓			✓	✓
Amea Chande	✓			✓	✓
Peter Edwards	✓			✓	✓
Emma Gilthorpe	✓			✓	✓
Vicky Jarman	✓			✓	✓

All members of the Audit and Risk Committee are independent non-executive directors. The Committee is well qualified with sector experience and comprehensive experience of corporate finance matters.

With Stephen King as Chairman and having Vicky Jarman on the Committee, the Board believes it has sufficient recent and relevant financial experience to discharge its duties.

During 2020, the Audit and Risk Committee had five scheduled meetings, generally coinciding with key dates in the financial reporting and audit cycle. The meetings are minuted by the Company Secretary. The Chairman, Group Chief Executive, Group Finance Director, and Chief Risk Officer, as well as the external auditor and the PwC partner responsible for the co-sourced Internal Audit function, are generally invited to attend. In 2020, the Audit and Risk Committee held sessions with the Head of Group Internal Audit and with the external auditor, without any executive management present. In addition, the Committee Chairman met with the external auditor, the Chief Risk Officer and Internal Audit on a number of occasions during the year and through to February 2021. The Committee Chairman may call additional Committee meetings at the request of any director or the external auditor.

How the Committee spends its time

The Audit and Risk Committee is routinely briefed on accounting and technical matters by senior management and by the external auditors.

The Audit and Risk Committee reviews twice-yearly reports on the Group's key business risks and the Committee members (all of whom are also members of the Remuneration Committee) are aware of the importance of keeping the appropriateness of incentive structures under review. The Committee also assesses compliance with the Directors' Responsibility Statement.

As noted on page 68, the Board approved Mark Johnstone's six point response to managing the COVID-19 pandemic. The third point was to 'Take control of liquidity'. The Committee, on behalf of the Board, spent time reviewing the reports produced by the finance team to help manage the business.

Twice a year the Committee receives a report on business ethics and compliance, which includes a review of any disclosures under the Group's Disclosure of Unethical Conduct Policy, under which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters (sometimes known as whistleblowing). This report also goes to the full Board. In addition, the Committee reviews reports on any matters raised through this process.

The Committee is responsible for making recommendations to the Board on matters within its remit, including the remuneration and appointment of the external auditor. The appointment of the external auditor is considered each year, and the Committee reviews the appointment in greater detail at regular intervals. A formal tender process took place in 2014 for financial periods ending 31 December 2015 and beyond. The Committee considers a number of factors, including audit effectiveness at both operating company and Group level: quality, continuity, expertise, depth of resources and competitiveness of fees. The appointment of the Senior Statutory Auditor is rotated every five years and Andrew Bond became lead audit partner following the completion of the 2017 audit, early in 2018. To comply with the requirements on auditor rotation it is anticipated that a tender process will be conducted in 2022 so that a new firm will take on the role in 2023 which will coincide with the end of Andrew Bond's five-year rotation.

The Committee discharges its responsibilities through the review of written reports circulated in advance of meetings and by discussing these reports and any other matters with the relevant auditors and management.

Topics covered by the Committee during 2020 and to date in 2021 included:

- Review of any significant financial reporting issues and judgements in respect of the half-year results and year end report and accounts (described in more detail below);
- Review of significant matters raised by the Risk or Internal Audit team;
- Review of the process to confirm that the Annual Report is fair, balanced and understandable;
- Review of the going concern and viability assessments;
- Consideration of the audit fee and non-audit fees;
- Review of the Group risk profile including emerging risks and the actions management is taking to mitigate key risks;
- Annual review of the terms of reference of the Committee, of the schedule of the Committee's agenda items for the forthcoming year, of the non-audit services policy and of Signature Aviation's matrix of authority levels;
- Review of the effectiveness of Internal Audit and discussion of Group Internal Audit's overall strategy;
- External auditor independence and effectiveness (see right); and
- Systems of internal control (see page 75).

The Committee's terms of reference were reviewed in December 2020 and no significant changes were made.

Significant financial reporting issues considered by the Audit and Risk Committee

To aid its review, the Committee considers reports from the Group Finance Director and Group Financial Controller and also reports from the outcome of the half-year review and annual audit. The Committee supports Deloitte LLP in displaying the necessary professional scepticism its role requires. The primary areas of judgement considered by the Committee in relation to the 2020 financial statements and how these were addressed include:

- Recording of exceptional and other items;
- Taxation; and
- Valuation of the ERO business which is held for sale.

These issues were discussed with management and the external auditor in the meetings during the year and when signing off on the auditor's plan for the year end, and no new areas were identified subsequently in the February meeting.

Recording of exceptional and other items

See note 2 —

The Group's policy is to include certain items within operating profit within a middle column within the Income Statement. These 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 as well as the amortisation of acquired intangibles accounted for under IFRS 3.

The Committee reviewed analysis provided by management and the report of Deloitte LLP. The Committee was satisfied that the judgements made were consistent and aligned to the Group's policy and the disclosures made in relation to them were appropriate.

Taxation

See note 4 —

The Group is subject to tax in multiple jurisdictions, primarily the US and the UK. As stated in our Global Tax Strategy we are committed to compliance with the tax laws and practices in the countries in which we operate and continuously monitor changes to tax legislation, ensuring that we take advice where appropriate from professional advisers.

The Group is monitoring developments in relation to the EU State Aid investigation including the EU Commission's decision in April 2019 that concluded the UK's Controlled Foreign Company regime partially represents State Aid and the UK authorities' subsequent appeal of this decision. On 6 November 2019 the Group filed an appeal with the EU General Court seeking to annul the EU State Aid decision. On 23 February 2021 management received confirmation from HMRC that the Group has not been a beneficiary of State Aid. Judgement has been applied in our consideration of the potential risk to the Group and the quantum of any potential liability which has been disclosed and not provided for.

The Committee reviewed analysis provided by management and the report of Deloitte LLP. The Committee was satisfied that the judgements made and the disclosures were appropriate.

Valuation of the ERO business which is held for sale

See note 26 —

The ERO business is presented as a discontinued operation held for sale. At 31 December 2020, it has been revalued at its fair value less costs to sell which has resulted in an additional impairment of \$41.7 million which has been recognised within exceptional and other items. The agreement to sell the ERO business to StandardAero, a portfolio company of The Carlyle Group, was announced on 17 February 2021. The Committee reviewed analysis provided by management and the report of Deloitte LLP. The Committee was satisfied that the judgements made and the disclosures were appropriate.

Audit and accountability

a. Auditor independence and audit effectiveness

The Audit and Risk Committee reviews and monitors the external auditor's independence and objectivity, and the effectiveness of the audit process.

The Committee carried out a formal effectiveness assessment in respect of work carried out during the year by the external auditor, including:

- the continuity and objectivity of the audit partners and audit team;
- the effectiveness of audit planning and execution;
- the role of management in ensuring an effective audit;
- communication with and support of the Audit and Risk Committee; and
- the formal reporting of the auditor.

The assessment was completed with input in the form of a survey of the key financial management team, including the divisional Chief Financial Officers (CFOs), the Group Financial Controller and the Group Tax Director, together with the Chairman of the Audit and Risk Committee.

Other members of the Audit and Risk Committee also provided their views and it was concluded that the external audit for 2020 had provided appropriate focus and challenge on the primary areas of audit risk. Overall, the quality of the audit was assessed as "good". Additionally, the Committee considered the findings of the FRC's 2019 Audit Quality Review of Deloitte LLP and the actions being taken to address the matters raised.

The Audit and Risk Committee carried out an assessment and believes that it has satisfied the requirements of the Code and the Guidance on Audit Committees published by the Financial Reporting Council in September 2012. The Committee has confirmed that during the year it had formal and transparent arrangements for considering corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the external auditor.

One of the safeguards to ensure auditor objectivity and independence is the Group's policy on the provision of non-audit services by its external auditor. The policy is reviewed each year and, since December 2012, the policy prohibits the Group's external auditor from carrying out remuneration consultancy and tax planning work for the Group. The external auditor is also prohibited from carrying out a number of other services for the Group such as book-keeping, internal audit, valuations, actuarial services and financial systems design and implementation. The Company's policy is not to use the external auditor for acquisition and due diligence work. However, where the Group considers it appropriate or where conflicts arise, suppliers may be asked to tender. This would only include the external auditor in unusual and exceptional circumstances.

Non-audit fees paid or due to the external auditor are regularly reviewed by the Committee and those paid in 2020 are set out in note 2 to the Consolidated Financial Statements.

During 2020, if fees for non-audit projects within the scope of permitted tax services were expected to exceed £250,000, then the Audit and Risk Committee Chairman was required to pre-approve each project. In any event, specific project approval is required by the Committee Chairman for any such project where estimated fees exceed £100,000. Pre-approval would have been required for non-tax projects where fees are estimated to exceed £25,000.

Deloitte LLP has confirmed that all non-audit services they performed during the year were permitted by APB Ethical Standards and do not impair their independence or objectivity. On the basis of their own review of the services performed, the requirement of pre-approval and the auditor's confirmation, the Committee is satisfied that the non-audit services currently provided by Deloitte LLP do not impair their independence and objectivity. Non-audit fees are set out in note 2 to the Group's Consolidated Financial Statements (2020: \$0.2 million, 2019: \$0.7 million); the fee in 2020 related to the Group's interim review (\$0.1m) and the non-statutory audit of Signature Flight Support LLC as required for the US Treasury as an obligation of the CARES Act funding, while the fee in 2019 related to the Group's 2019 interim review (\$0.1 million) and reporting accountant services relating to the disposal of Ontic and the \$650 million 4% senior notes due 2028 (\$0.6 million).

In November 2017, the Audit and Risk Committee reviewed the non-audit services policy and adopted a more restrictive regime for non-audit services to match the latest guidance. The policy was reviewed in 2019, no significant changes were made and the policy is available on the Company's website www.signatureaviation.com.

b. System of internal control

Overall responsibility for the Group's system of internal control and for reviewing its effectiveness rests with the Board. Management is accountable to the directors for monitoring this system and for providing assurance to the directors that it has done so. The system of internal control is essentially an ongoing process embedded in the Group's businesses for identifying, evaluating and managing the significant risks

Compliance with the Corporate Governance Code

M – Formal transparent policies to ensure independence of audit

The Company complies with the requirements. External and Internal Audit functions are reviewed on an annual basis. The Internal Audit function is headed by a PricewaterhouseCoopers (PwC) partner who reports into the Chairman of the Audit and Risk Committee and the Head of Risk. Additional information on the arrangements are set out in the column to the left.

The Company has adopted a robust non-audit services policy to help preserve the independence of the external auditor.

N – Fair, balanced and understandable assessment of prospects

The Board noted the assurances from the Signature Leadership Team regarding the Annual Report being fair, balanced and understandable in making its own judgement on the assessment of the Company's prospects where they are described in the Report.

See below at point 27 for more detail.

O – Procedures to oversee internal control framework and identification of principal risks

The process to identify risks and review their mitigation is set out in the risk section on pages 50 to 54 with a description of the process used to identify principal and emerging risks. These risks are contemplated when preparing the Viability Statement.

24 – Establish an audit committee

The Audit and Risk Committee meets the Code requirements and its members have the necessary skills, competencies and knowledge for the Committee to discharge its duties. Stephen King and Vicky Jarman ensure that the Committee has recent and relevant financial experience.

faced by the Group, including social, environmental and ethical risks. The Group considers that it has adequate information to identify and assess the significant risks and opportunities affecting its long- and short-term value.

This ongoing process has been in place for the year ended 31 December 2020 and up to 1 March 2021 and the directors can therefore confirm that they have reviewed the effectiveness in accordance with the internal control requirements of the Code throughout that period.

The Group's internal system of control is reviewed annually by the directors and accords with the FRC's guidance 'Risk Management, Internal Control and Related Financial and Business Reporting'. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide reasonable but not absolute assurance against material misstatement or loss to the extent that it is appropriate, taking account of costs and benefits.

The principal risks and uncertainties which the Group faces are summarised on pages 52 to 54, together with a description of their potential impact and mitigations in place. The main features of the Group's internal control and risk management systems are listed below.

1. Risks are identified through a detailed self-assessment process carried out by business and by function. The process analyses risk into eight types covering strategic, operational, financial, people, compliance, governance, hazard and an 'other' category, including unpredictable, although with hindsight, often inevitable, events. This includes emerging risks. They are recorded on risk registers together with their mitigations.
2. On a bi-annual basis, risk registers are refreshed, and the key risks at business and Group level are plotted on risk maps, which are discussed with senior business management and the Group's leadership team in order to validate the risk profile. The validated Group risk map is then discussed with the Audit and Risk Committee, together with key mitigation activities, and further mitigation, if any, is agreed.

Group Internal Audit reviews the risk maps and risk registers and builds its annual audit plan from the risk profile. A transparent mapping is produced to link the key risks to the Internal Audit profile, setting out the rationale for the focus of Internal Audit activity. This is agreed annually with the Audit and Risk Committee.

Based on this information, the Board reviews the risks and, if satisfied, confirms it is satisfied that key risks are appropriately mitigated. If this is not the case, the Board requests that management takes further action.
3. An organisational structure is in place at both head office and business level which clearly defines responsibilities for operational, accounting, taxation, treasury, legal, company secretarial and insurance functions.

4. An Internal Audit function undertakes a programme of risk-based reviews of controls and business processes. The role of Internal Audit is defined in a Group Internal Audit charter and this includes its terms of reference, the standards to which it adheres, the scope and coverage of its work and its reporting processes. The Audit and Risk Committee receives a report from Internal Audit at each meeting which includes opinions on the adequacy and effectiveness of controls, together with a summary of key issues, work schedules and any action required. In accordance with the UK Corporate Governance Code, the Audit and Risk Committee monitors and reviews the effectiveness of Internal Audit using outside specialists as well as self-assessment techniques.

A co-sourcing arrangement exists with PwC, headed by a specialist PwC Internal Audit Partner who manages both Signature Aviation and PwC staff in the delivery of the Internal Audit service. This arrangement provides access to a broad range of skills and experience to support its effective delivery.

5. A Group Finance Manual details accounting policies and financial controls applicable to all reporting units. The Group accounting policies are aligned with International Financial Reporting Standards and compliance with these policies is reviewed as part of the Internal Audit process.
6. An annual budgeting exercise is carried out to set targets for each of the Group's reporting units.
7. Detailed management accounts are submitted monthly to management which measure actual performance against budget and forecasts. The monthly forecasts of sales, profits and operating cash are updated on a quarterly basis.

A monthly report is provided to the Board, based on these management accounts, highlighting key issues and summarising the detailed financial information provided by the operating units. The integrity of management accounts with the underlying financial records is subject to review as part of the Internal Audit process.
8. Capital expenditure is controlled by means of budgets, authorisation levels requiring the approval of major projects by the Board, and post-investment appraisals. The lessons learned from the post-investment appraisals are also shared with members of senior management.
9. Defined procedures are laid down for investments, currency hedging, granting of guarantees and use of treasury products.
10. A matrix defines the levels of authority for the Group's senior executives and their direct reports in relation to acquisitions, capital expenditure, commercial and employee contracts and treasury matters. This is authorised by the Audit and Risk Committee on behalf of the Board and is reviewed on an annual basis. Compliance is reviewed as part of the Internal Audit process.

11. All significant acquisitions and disposals of companies or businesses are approved by the Board.
12. A Group policies manual sets out policies and procedures concerning: business ethics; bribery, corruption, gifts and entertainment; equal opportunities and anti-harassment; competition law; legal policy; data privacy; corporate responsibility; market disclosure and communications and share dealing.

A review of compliance with such policies by Group companies is carried out twice a year and senior executives are also required to confirm compliance with certain policies twice a year. Group policies are complemented by business and Company-led initiatives and are supplemented by the Group's Disclosure of Unethical Conduct Policy, which includes a 24-hour "hotline" available to all employees. This is supported by a formal investigation protocol and regular reporting to the Audit and Risk Committee as part of the twice-yearly report on Business Ethics and Compliance. The Ethics Implementation Policy seeks to codify the overarching principles and processes that underlie the various elements set out in more detail in the Code of Business Ethics and the policy on bribery and corruption, gifts and entertainment. Compliance with all these policies and with the Group's procedures concerning the appointment and remuneration of foreign agents is subject to review as considered necessary as part of the ongoing risk-based Internal Audit programme. The effectiveness of these policies is assessed alongside the risk review process described in item 1 above.
13. A Group Safety Management System outlines policies, standards and procedures in conjunction with the business line procedure manuals of the operating companies which are applicable throughout the Group. Annual self-assessment and/or audits are carried out at against the Group standards and business line procedures. Group-level Health, Safety, Security and Environment (HSSE) audits are performed to validate compliance. An executive summary HSSE report is tabled at each meeting of the Signature Leadership Team. The Board, which is responsible for oversight of HSSE matters, receives an HSSE report at each meeting in addition to updates on HSSE activities. These reports cover all Group companies and are prepared by the internal Group HSSE function. Key HSSE performance metrics are reviewed and verified annually by an independent third party organisation. Senior managers' performance and related financial incentives are tied in part to their success against selected annual HSSE improvement objectives. Further details about HSSE matters are set out on the Signature Aviation website. The annual Control Risk Assessment questionnaire which is completed by each of the operating businesses includes a number of questions on corporate responsibility matters.

Compliance with the Corporate Governance Code

25 – Committee's role

The Committee's terms of reference (which are available on the Company's website) cover all necessary matters and the Committee covered these items to sufficient depth in 2020.

26 – Annual report to describe work of the committee

The work of the Committee is described in this Report and all necessary Code requirements are addressed.

27 – Annual report is fair, balanced and understandable

The Board has confirmed that, in its opinion, the Annual Report is fair, balanced and understandable.

The Signature Leadership Team was asked to review the Annual Report in its final stages of drafting and confirm from their perspective that the report was fair, balanced and understandable.

The Annual Report was proof read and the proof readers flagged any discrepancies or sections that were not easily understandable.

The Audit and Risk Committee reviewed the Report and the process and made a recommendation to the Board that the Report is fair, balanced and understandable.

28 – Assessment of emerging and principal risks

There is a comprehensive review and risk maps are reviewed by the Signature Leadership Team in January and February before being presented to the Audit and Risk Committee for discussions. The risk section of this report on pages 50 to 54 covers both the principal and emerging risks.

29 – Monitor risk management and internal control

The process together with that applying to provision 28 is described on the page opposite in the section headed System of Internal Control.

30 – Going concern basis of accounting

The Going Concern statement is set out on page 61.

31 – Viability statement

The Viability Statement is set out on page 63.

Directors' Remuneration Report

The most substantive matter considered by the Committee during the year has been the proposed revisions to the directors' Remuneration Policy that will be put to shareholders at the 2021 AGM. Additional detail is provided in this letter and in the policy section of the Report.

Committee Chairman's statement

Introduction

This year has been a challenging and unprecedented year. On 30 March 2020, we announced the decision to suspend all bonus plans throughout the Group. No bonus payments will be made to any employee of the Group in respect of 2020. The Committee exercised discretion not to pay in respect of the personal objectives element of the directors' bonus opportunity in respect of 2020.

As announced on 15 May 2020, the Remuneration Committee oversaw a unanimous and voluntary decision made by all the directors and the members of the Signature Leadership Team to forego 20% of their salary during the second quarter of the year when the impact of COVID-19 was at its most serious for the business. It was agreed that the savings would be contributed to establish an Employee Hardship Fund. Any employee of the Group suffering financial hardship (excluding the highest paid 6% of the workforce) is entitled to apply to the fund for a grant of up to \$4,000. See page 38.

Work of the Committee

The Committee's work is summarised in a table on page 80.

As shareholders are aware, we are obliged to present a new Remuneration Policy to shareholders for a binding vote at the AGM in 2021. The Committee has spent time carefully considering the right approach and is recommending some evolutionary changes to the Policy, further developing the changes that were made when the current Policy was introduced in 2018. The proposals, that have already been the subject of consultation with shareholders representing over 70% of shares in issue, are described in greater detail below. Other than as noted above, the Committee has not exercised discretion during the year.

Targets and performance relating to 2020

As noted above, the decision to suspend the bonus plan was taken at the end of March 2020. The bonus targets were set very early in 2020 before the pandemic had any real impact on the company's markets. The executive directors substantially delivered all their personal objectives, however, notwithstanding the performance, there will be no bonus paid to the executive directors in respect of 2020. This decision required the Committee to exercise discretion.

The Remuneration Committee has decided that delivery against the Deferred Stock Plan (DSP) objectives should be rewarded with a DSP award. Under normal circumstances the executive directors will not monetise these awards for five years and they have a significant retentive value. Performance against the DSP objectives is set out in detail below.

Following the formal approach to acquire the Company, the Committee was presented with analysis that modelled the impact of the deal on incentive outcomes. Given the potentially significant impact of the transaction on the outcomes, the Committee has decided to delay making any decisions in respect of the LTIPs awarded in 2018 until there is certainty of the transaction's completion.

The 2020 LTIP awards were granted before the decisions were taken to suspend the bonus and variable reward plans. The Committee does not consider it necessary or appropriate to make any adjustments to these awards or the targets that were set.

Remuneration reporting

Again, as in recent years, the Report covers the executive directors' remuneration separately from the non-executive directors.

The work of the Remuneration Committee is dealt with first and then summarises the elements of remuneration for the executive directors and their shareholdings in an 'at a glance' section. The long-term performance and comparator tables are then presented before the single figure table, which is followed with details explaining each element of the executive reward package. The single figure table for the non-executive directors is set out on page 90 and this is followed by information on interests in shares and service contracts.



The Remuneration Committee oversaw a unanimous and voluntary decision made by all directors and members of the Signature Leadership Team to forego 20% of their salary during the second quarter of the year when the impact of COVID-19 was at its most serious for the business.

Peter Ventress
Chairman of the
Remuneration Committee

Directors' Remuneration Policy

The Remuneration Policy is due to be put to shareholders at the AGM in 2021. The policy approved in 2018 made a number of changes, including the removal of the Extended LTIP scheme and a decrease to the standard LTIP opportunity as part of a rebalancing towards the Deferred Stock Plan (DSP). With the appointment of a US-based CEO and predominantly US-based senior team, the slight weighting towards an annual assessment of performance was key to align with the remuneration structures within the US market, albeit difficult for a UK listed company to implement US levels of equity compensation.

The Committee is proposing changes that continue the themes from the last review.

The Committee is proposing four main changes to the directors' Remuneration Policy. These are:

- Replacing the LTIP awards with a Restricted Stock Plan (RSP) at a one for two ratio;
- Increasing the executive directors' bonus opportunity from 65% to 90%;
- Commitment to reduce the pension contributions of the executive directors to align with those of the wider workforce by 2023; and
- Introducing a formal post-employment shareholding for the executive directors.

The overall impact of these changes will be to reduce the maximum variable pay from 340% of salary to 290% of salary although the expected outcomes will be unchanged. These changes are shown in the table below:

Element of reward	Current Policy	Proposed Policy
Bonus	65%	90%
Deferred Stock Plan	125%	125%
Long-Term Incentive Plan	150%	nil
Restricted Stock Plan	nil	75%
TOTAL	340%	290%

Additionally, there will be a reduction to fixed reward of 12.5% representing the pension during the life of the Policy. The Committee believes that the changes are:

- **Aligned to strategy:** replacing the existing Long-Term Incentive Plan with the Restricted Share Plan (RSP) aligns to our strategy and avoids the challenge of setting long-term performance conditions in an inherently cyclical business;
- **Aligned to shareholders:** the introduction of the RSP focuses on building material shareholding as a mechanism to focus on long-term sustainable performance and alignment with shareholders. We are also introducing a post cessation shareholding requirement equal to 300% of salary for two years post cessation which further aligns the interests of executive directors and shareholders;

- **Aligned to market:** the increase in the annual cash bonus opportunity narrows the gap to our US competitors and, with the introduction of the RSP, aligns our remuneration structure more closely to the US market where we compete for senior talent;
- **Aligned internally:** the increase to the annual cash bonus opportunity aligns our executive directors with our Senior Leadership Team in terms of annual cash bonus quantum; and
- **Aligned to Corporate Governance Code:** we have made changes to bring the Policy into line with the 2018 Corporate Governance Code, new regulations and best practice including the reduction of incumbent executive director pension contributions to the workforce level at the end of 2023.

A more detailed explanation of the reasons behind these proposals are set out from page 96 of this report and the proposed full Policy is then set out on the pages following.

I have consulted with a number of our larger shareholders from November 2020 to date and the majority of the larger shareholders have indicated that they are supportive of the proposals.

2021 Policy and targets

The Committee anticipates that shareholders will support the proposed directors' Remuneration Policy and, if so, the new Policy will apply from 1 January 2021. The elements of the Policy that are not changing will be delivered in accordance with the normal timetable. Any elements that are subject to change will not be addressed until after the AGM in May. If shareholders do not support the new Policy, awards under the previous Policy would be made following the AGM.

The Committee will set the bonus and DSP targets at an appropriate level to incentivise the leadership team and drive shareholder value and support delivery of strategy. The Committee will consider the RSP underpins at the time the awards vest.

Conclusion

The Committee takes an active interest in shareholders' views and I welcome your views on any aspect of the Company's Remuneration Report or our Remuneration Policy.

Peter Ventress

Chairman of the Remuneration Committee
1 March 2021

£275

Hypothetical value of £100 invested in the Company's shares in 2010 compared with a total of £233 for the FTSE 250 index

50%

Of base salary removed from the maximum variable reward under the proposed policy

Annual Report on Remuneration for 2020

The Remuneration Committee and its work

The Board is responsible for the Remuneration Policy and has delegated primary responsibility for the implementation of that Policy to the Remuneration Committee. The Remuneration Committee is a Board Committee consisting of independent non-executive directors and the Chairman. No individual is directly involved in the determination of, or votes on, any matter relating to their own remuneration. The members of the Committee throughout the year and at the date of this report were Peter Ventress (who was Chairman), Ameer Chande, Peter Edwards, Emma Gilthorpe, Vicky Jarman, Stephen King and Sir Nigel Rudd.

In 2020, the Committee held five scheduled meetings and one additional meeting. All meetings were minuted by the Company Secretary. Executive directors and the Chief HR Officer attend all or part of the meetings by invitation.

The Committee has responsibility for the remuneration of the Chairman, executive directors and the Signature Leadership Team (formerly the Executive Management Committee). The remit includes determining remuneration strategy and this year the Committee considered the incentive structures throughout the senior management team (about 50 employees) that are consistent with, and aligned to, the directors' Remuneration Policy. The Committee also has oversight for pay structures and employment policies for the full workforce.

The main issues considered by the Remuneration Committee during 2020 are set out below:

Meeting	Main issues considered
February	Update on developments in directors' remuneration Payments of bonuses in respect of 2019 and vesting levels for the long-term awards granted in 2017 Salary reviews for the Signature Leadership Team Consideration of the DSP pool approval Bonus targets, DSP goals and LTIP targets in respect of awards pertaining to 2020 2019 Remuneration Report
May	Noting 20% base salary reductions for the second quarter for all Board members and the Signature Leadership Team Noting the suspension of bonus plans in respect of 2020 Invitation in respect of the 2019 save as you earn share option scheme
September	Progress against targets for long-term awards Update on proposed directors' Remuneration Policy
October	Approval of the Group's remuneration strategy, proposals for the directors' Remuneration Policy and the proposed engagement with shareholders regarding the changes
December	Discussion on the feedback from shareholders on the proposed changes to the directors' Remuneration Policy
December Additional meeting	Discussion on the approach to remuneration decisions in light of the approaches to acquire the Company

In the course of its meetings, the Remuneration Committee consulted the Group Chief Executive, the Group Finance Director, the Chief HR Officer and the Company Secretary in connection with the Committee's work within their particular areas of knowledge and expertise. It is expected that the Committee will wish to continue to consult with these people in 2021 and that they will continue to be invited to attend Committee meetings when appropriate.

The Committee's advisers throughout the year were PricewaterhouseCoopers LLP (PwC) who have provided advice on market levels of remuneration, performance conditions for the LTIP, and consulting on the preparation of the Remuneration Report. The total fees paid by the Company to PwC for advice on remuneration matters were £107,400 which is charged on a time spent basis. PwC also provide internal audit services to the Company.

PwC were appointed as advisers by the Committee following a selection process in 2015. They are members of the Remuneration Consultants Group and are committed to that group's voluntary code of practice for remuneration consultants in the UK. This includes processes for ensuring integrity and objectivity of advice to the Remuneration Committee and ensuring that any potential conflicts are effectively managed. The Remuneration Committee confirmed it was satisfied that it had received independent advice from PwC.

At a glance

Elements of remuneration for executive directors in 2020

The illustrations below show the breakdown of the single figure totals for Mark Johnstone and David Crook and their interests in shares.

Mark Johnstone – Single figure £1,816,120

Composition of single figure

David Crook – Single figure £964,792

Composition of single figure

Equity interests

The graph below illustrates the executive directors' shareholdings.

Note: Based on average share price of 268 pence during the last quarter of 2020.

Relative importance of spend on pay

The Board recognises that the level of spend on pay is driven partly by being within the service sector and the high number of employees relative to our size. The remuneration receivable by employees reflects this. The comparators below have been selected as they illustrate allocation between amounts payable to directors and amounts returned to shareholders by way of dividend – the 2019 figures have been updated to reflect that the final dividend in respect of 2019 was not paid. There were no dividends in respect of 2020.

2020		2019	
	£m		£m
● Workforce pay	220.1	● Workforce pay	352.0
● Distributions	0.0	● Distributions	691.3
● Directors' pay	3.5	● Directors' pay	4.3

The 2019 pie chart has been updated to reflect the decision not to pay a final dividend in respect of 2019. Shareholders received a special dividend of 80.71 cents per share (a total of \$833.6 million) paid to shareholders on 13 December 2019 which accounts for the majority of the distributions shown in respect of 2019.

Long-term performance over ten years

The Remuneration Committee believes it is important to consider the longer-term performance of the Company when assessing how performance is reflected in reward. The graph below shows the historical cumulative total shareholder return since 2010. The Company believes that the FTSE 250 Index is a suitable broad-based equity index of which the Company is a constituent member.

The Company's total shareholder return performance since 2010 has outperformed the FTSE 250, as shown below by the value of a hypothetical £100 holding over ten years. This year we have again plotted the CEO's figure from the single figure table and that demonstrates, particularly in the more recent years, a clear correlation between CEO pay and the performance of the Company. Further detail on CEO pay is shown in the tables on the next page.

Notes:

The data used for the above graph is based on a 30 trading day average. The total single figure used in the graph above for 2018 was the annualised figure for Mark Johnstone which has been used to provide a valid comparison as he was appointed during 2018.

CEO's pay with various figures from the single figure table

Mark Johnstone

Showing the pay received for duties as CEO. In the disclosures in respect of 2018 and 2019 the long-term awards were granted prior to Mark's appointment as CEO.

Total remuneration and variable pay payout as % of maximum	2018 and prior	2019	2020
Total single figure £'000	1,643	2,186	1,816
Bonus total and as percentage of maximum	167 50.0%	355 75.0%	nil 0%
Long-term total and percentage vesting against maximum	778 75.2%	897 76.8%	928 46.8%

The 2018 figures for Mark Johnstone are from the date of appointment on 1 April 2018 and the amounts shown in this table are not annualised.

Wayne Edmunds

Only showing the pay received for duties as CEO.

Owing to the interim nature of the role, Wayne Edmunds only received a basic salary.

Total remuneration maximum	2018 and prior	2019	2020
Total single figure £'000	969	-	-

Simon Pryce

Only showing the pay received for duties as CEO.

Total remuneration and variable pay payout as % of maximum	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total single figure £'000	2,689	1,855	1,748	1,748	1,500	2,131	1,862	-	-	-
Bonus total and as percentage of maximum	566 83.5%	328 47.0%	458 63.7%	455 61.8%	199 53.0%	291 70.6%	143 67.4 %	-	-	-
Long-term total and percentage vesting against maximum	1,453 55.5%	824 68.6%	580 42.4%	499 27.1%	479 32.0%	832 45.1%	784 30.2%	-	-	-

Change in remuneration of directors and all employees

The table below shows the movement in total remuneration for the directors between the current and previous financial years compared with that of the total remuneration costs of all employees as a whole. Relevant employees are employees of Signature Aviation plc and its subsidiaries. The CEO's reward is made up of a larger proportion of variable pay than employees within this comparator group.

Percentage change in remuneration of directors and the Company's employees (£'000)

	Year ended 31 December 2020	Year ended 31 December 2019	Percentage change
CEO base salary	709	727	-2.5%
CEO taxable benefits	31	62	-50.0%
CEO annual bonus	0	355	n/a
FD base salary	376	383	-1.8%
FD taxable benefits	18	18	0.0%
FD annual bonus	0	186	n/a
Chairman base salary	293	301	-2.7%
Peter Ventress (SID and Remuneration Committee Chair) base fee	80	79	1.2%
Stephen King (Audit and Risk Committee Chair) base fee	70	67	4.4%
Peter Edwards, Wayne Edmunds, Emma Gilthorpe, Vicky Jarman (NEDs) base fee	58	60	-3.4%
Ameé Chande (NED) base fee	59	60	-1.7%
Average annual base salary for employees	103	87	18.4%
Average taxable benefits for employees	25	9	177.7%
Average bonus for employees	0	39	n/a

Notes:
 The Chairman and the non-executive directors do not receive any taxable benefits and they are not entitled to receive a bonus and therefore these lines are omitted from the table above.
 The increase for Stephen King reflects the full year of additional responsibilities as Audit and Risk Committee Chairman.
 The only difference between the base fee paid to Ameé Chande and the other NEDs is that Ameé is paid in US\$ in accordance with a change agreed to her appointment letter in December 2019. The fee was converted at the spot rate applicable at the time and is converted back to sterling at the average exchange rate during 2020 for disclosure purposes.

The increase in the CEO's salary in US dollar terms was 2.5%, applied in March 2020. The reduction in base salary shown above is caused by the voluntary surrender of 20% of salary in the second quarter of the year.

The benefits reflect the actual cost. As part of his relocation to the US, Mark Johnstone's benefits include return flights for family members to visit him. During 2020 there were no such flights owing to the COVID-19 pandemic.

There were no bonuses paid in respect of 2020.

CEO pay ratio disclosures

	UK workforce			
	Year	75th percentile	Median	25th percentile
CEO pay ratio	2020	65:1	56:1	40:1
	2019	80:1	60:1	50:1
Total pay and benefits	2020	27,814	32,190	45,435
	2019	27,932	37,120	44,980
Salary component of total pay and benefits	2020	25,651	30,280	42,042
	2019	21,233	28,548	39,939

Note: The day used for the basis of the calculations is 28 December 2020.

The structure of remuneration packages throughout the Group means that more senior members of the workforce have a greater proportion of variable pay. Accordingly, in a year when the Company performs well, the ratios are expected to be higher than in a year where Company performance is less strong. In summary, we expect there to be significant volatility in this ratio year on year, and we believe that this will be caused by the following:

- CEO pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our shareholders. This introduces a higher degree of variability in his pay each year which affects the ratio. The value of long-term incentives which measure performance over three years is disclosed in pay in the year when the performance conditions are satisfied, which increases the CEO pay in that year, again impacting the ratio for that year.
- Long-term incentives are provided in shares and therefore an increase in share price over the three years magnifies the impact of any LTIP award vesting in a year.
- We recognise that the ratio is driven by the different structure of the pay of our CEO versus that of our employees, as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. It is important that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce.

The Company selected Method C for the basis of these disclosures as it is the easiest to calculate based on the data available and the Company is confident that the data is robust and accurately reflects the relevant ratio.

Executive directors – single figure total (£'000)

The table below shows the single figure total for 2020 and the comparators for 2019 for the executive directors.

Director	Year	Salary and fees	Benefits	Pension	Total fixed remuneration	Bonus	Value of LTIP vesting and DSP grant	Other	Total variable remuneration	Overall single figure total
Mark Johnstone	2020	708	31	148	887	0	929	–	929	1,816
	2019	727	62	145	934	355	897	–	1,252	2,186
David Crook	2020	376	18	79	473	0	492	–	492	965
	2019	383	18	77	478	186	516	–	702	1,180

Notes:

1 The value of LTIPs vesting in respect of 2019 for David Crook and Mark Johnstone have been restated to reflect the share price on the vesting date of 18 March 2020 which was 153.65 pence rather than 312.80 pence which was the average share price in the last quarter of 2019.

2 The LTIP awards granted in 2018 will not vest at this time.

3 The Deferred Stock Plan awards that are expected to be granted in 2021 are disclosed in the table above because the operating profit used to calculate the pool was over the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 and the strategic objectives were measured at the end of 2020. The details of these awards are set out on pages 88.

4 Mark Johnstone and David Crook received a cash payment of 20% of basic salary in lieu of a contribution to a company pension scheme.

Component parts of the 2020 single figure

The commentary below reviews each element included in the single figure table in turn and provides additional information about that element of the reward package and, in the case of variable elements, provides full details on the targets that were set and evaluation of the performance.

Base salary for executive directors

The base salaries for Mark Johnstone and David Crook were set on appointment to be competitive looking at both US peers and the general FTSE 250 level. Both Mark Johnstone and David Crook received an increase of 2.5% on their base salaries that was applied on 1 March 2020 which was equal to the pay rises across the workforce for similar levels of performance. As noted above the two executive directors (together with all other directors and members of the Signature Leadership Team) agreed to forego 20% of their basic salary for the second quarter of 2020 in response to the COVID-19 pandemic. The salaries and fees foregone were paid to the Signature Aviation Hardship Fund.

Mark Johnstone's salary is denominated in US dollars. The average exchange rates applied were \$1.28 : £1 and \$1.29 : £1 for 2019 and 2020 respectively.

Benefits

Mark Johnstone's benefits included medical and dental insurance, death in service benefit, disability insurance and life insurance. The Company also pays for up to three return flights for Mark's family members to visit him in the United States.

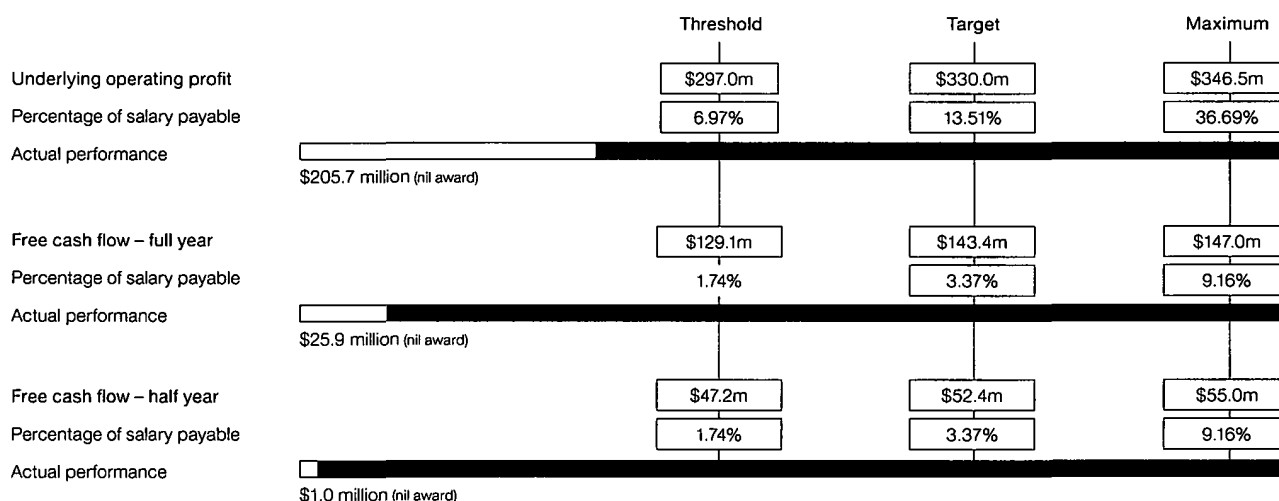
David Crook's benefits included medical insurance, death in service benefit, a company car allowance, and an annual health check, and were unchanged compared to 2019.

Bonus

The maximum bonus opportunity for 2020 was 65% of salary for the executive directors, split 55% of salary for financial performance (two thirds of this is for operating profit and one third for free cash flow) and 10% of salary for personal objectives. The whole bonus is paid in cash and there are no deferral obligations. The choice of performance conditions and their respective weightings reflected the Committee's belief that they would drive action to deliver exceptional sustainable value for our shareholders and other stakeholders.

The financial targets were not met in respect of 2020. Both executive directors achieved the significant majority of their personal objectives but following the decision in May, no bonuses will be paid to the directors in respect of 2020.

The illustration below shows the targets and performance against them.



Notes:

All metrics above include IFRS 16 and are total Group figures (i.e. continuing and discontinued operations). Free cash flow is defined in note 23. The purpose of the half-year cash flow target is to focus attention on cash throughout the year rather than at a single point in time. The measures are assessed on a straight-line basis between threshold and target. Between target and maximum there is a half-way inflection point where 34.65% of salary would be awarded for operating profit and 8.70% of salary would be awarded for free cash flow at half and full year.

Personal objectives

The executive directors' personal objectives, together with the Committee's assessment of achievement, are set out below:

Mark Johnstone

Measure	Weighting	Performance assessment	Performance
ESG Deliver Sustainability Plan to the Board and obtain sign off for five-year targets Launch Sustainable Aviation Fuel (SAF) product line to the market during the year	20%	The plan was signed off by the Board in July. SAF launched at five bases during the year.	20%
Personal Development Attend a further education course relevant to Culture or Strategy	5%	Not achieved. COVID prevented travel and pandemic necessitated 100% focus on day to day business. Attended a number of virtual industry forums but not a formal education course.	0%
People and Culture Launch Cultural Transformation Project to relaunch the brand and reset values and corporate purpose Specific goals related to the Engagement Survey	40%	Project Lighthouse (as it is known) was launched in May – some delays owing to the pandemic.	40%
Strategic Execution Appropriate conclusion of agreed corporate actions Maintain capital structure Implement OKR processes	35%	Specific corporate actions concluded. Capital structure maintained – waiver of banking covenants was precautionary. OKR process now business as usual processes.	35%
Overall level of satisfaction			95%

David Crook

Measure	Weighting	Performance assessment	Performance
Growth Implement card services platform in line with 2020 budget	10%	Strong delivery on all controllable key aspects of the credit card targets during the year. New bank arrangement not implemented as held pending contract fuel, appropriate credit management throughout the year.	5%
Operational Efficiency Approval of back office systems solution and project to deliver it established with appropriate governance framework Maintain capital structure and leverage within agreed range	30%	Specific targets relating to these projects were delivered within the year. Leverage not held within range but close despite COVID-19.	20%
Customer Experience Adaption of finance, taxation and treasury functional structure to align with the continuing Group	15%	Organisation changes made during 2020 across the relevant departments. Reorganisation steps taken across finance and tax during the year.	15%
Completion of talent review, personal development plans (self and team) and engagement action plans Completion of talent review process and development plans aligned to outcomes Delivery of state of the team engagement plans for staff in corporate headquarters	15%	Talent review process completed for the finance team and integrated with the revised talent review process. Personal and team development plans were prepared and executed during the year. Engagement plans delivered during the year with an increase in engagement scores for core teams.	15%
Environmental and Social Establish an ESG monitoring and communication plan for stakeholders and a dedicated CSR plan for the headquarters	20%	Plans established within the year and executed on plans within the agreed timeframes. ESG plans and communications delivered.	20%
Personal Development Completion of the Deloitte CFO Lab action plan	10%	Action plan focused on greater stakeholder engagement. Adapted in part for COVID-19 through increased meetings but hindered by travel restrictions.	5%
Overall level of satisfaction			80%

Long-term awards

Deferred Stock Plan

Under the DSP, a pool of shares is determined based on 3.5% of the Company's average underlying operating profit performance over the prior three years and achievement against certain strategic objectives. The Group's underlying operating profit for 2018 was \$375.2 million; for 2019 (adjusted to remove the impact of IFRS 16) was \$383.8 million; and for 2020 (also adjusted to remove the impact of IFRS 16) was \$189.3 million, giving an average of \$316.1 million and 3.5% of this is \$11.1 million. The goals for 2020 were divided into five groups with one for each pillar of the strategy. The performance against the strategic objectives is shown in the table below.

Goals	Points achieved	Points available
Employee Experience: the Company where everyone wants to work and thrive		
• Improve employee retention from 67.3% to 72%: straight-line basis between the two points – achieved 74.7 – fully achieved	7	7
• Improve employee engagement scores from 38% engaged in 2018 to 50% engaged in 2020: straight-line from 45% to 50% in 2020 – achieved 53% – fully achieved	7	7
• Define measure and improve quality of hires to define a baseline – fully achieved	6	6
Customer Experience: deliver a personalised experience, right the first time and every time		
• All staff (leadership, current staff and new hires) to have completed Customer Experience training: straight-line 75% to 95% – fully achieved with 97% completing the training	7	7
• Implementation of a new customer measurement system: one point for each full month of data collected – six months of data collected	6	6
• Improve billing accuracy: straight-line from 95.0% to 96.5% – achieved 96.5% billing accuracy in the year	7	7
Operational Efficiency and Process Improvement: implement optimal resources and simple, reliable processes		
• Deliver significant savings through the Labour and Equipment Efficiency Programme – not achieved	7	7
• Define staff procurement function including roles, responsibilities and basic process framework: part complete	3.5	7
• Obtain Board approval for an ERP solution and commence implementation with appropriate partner and frameworks in place: fully complete	6	6
Growth: Grow customer value through expanded network and offerings		
• Expand revenue pricing optimisation to property management to drive incremental profit: achieved just below 50% of target	2.4	5
• Expand credit card penetration from 8.6% to 15%: achieved penetration of 10.4%	1.4	5
• Increase market share by increasing loyalty and winning new customers: not achieved	0	5
• Increase value proposition to broader customer base with new offerings (ELITE and Nexus) in four locations: one complete	1.3	5
Environmental and Social: Recognised as environmentally and socially responsible leaders in our communities		
• Understand our environmental footprint with third party verification and define actions to address any concerns: fully achieved	5	5
• Relaunch charitable donation programmes and achieve matched donation targets: fully achieved	5	5
• Increase clean solar energy returned to the grid by 25% year on year: fully achieved (significant overdelivery)	5	5
• Offer a consistent, reliable supply of sustainable aviation fuel at five key bases: fully achieved (SFO, LTN, BFM, VNY, BFI)	5	5
Total	81.6%	100%

Participants are granted conditional shares which vest after the third anniversary but are not released to the executive directors until five years after the original grant.

The Remuneration Committee concluded that 81.6% of the strategic objectives had been delivered and agreed the overall pool is therefore \$9.03 million. The face value of the DSP award that will be granted to Mark Johnstone and David Crook in 2021 in respect of 2020 performance is equivalent to 125% of 2020 base salary. The Remuneration Committee anticipates that it will grant this award in March and as soon as awards are made to executive directors they will be announced via the Regulatory News Service (RNS).

Long-Term Incentive Plan

2018 LTIP

Following the formal approach to acquire the Company, the Committee was presented with analysis that modelled the impact of the deal on incentive outcomes. Given the potentially significant impact of the transaction on the outcomes, the Committee has decided to delay making any decisions in respect of the LTIPs awarded in 2018 until there is certainty of the transaction's completion.

Pension

The Company's pension contribution for Mark Johnstone (since his appointment to the Board) and David Crook was 20% of basic salary, which was paid in cash in lieu of a contribution to a company pension scheme.

Other

There were no payments under this element during 2020.

Outside appointments

The executive directors do not hold any non-executive roles.

Scheme interests awarded during the financial year

The details of the scheme interests awarded during the financial year to the executive directors are set out below. The DSP awards are in respect of performance in 2019 and the value of these awards is included in the single figure totals in respect of 2019. The LTIP awards are in respect of performance over the performance period (1 January 2020 to 31 December 2022) and will be disclosed in the single figure of remuneration in respect of 2022 although the awards will not be released to the directors until early 2025 (five years following the grant).

		Face value of award		Percentage if minimum performance targets met	End of performance period
Director	Description	Shares	£		
Mark Johnstone	LTIP – Conditional Award	461,365	1,097,128	25%	31/12/2022
	DSP – Conditional Shares	355,121	844,478	100%	Awards released 2025
David Crook	LTIP – Conditional Award	248,518	590,977	25%	31/12/2022
	DSP – Conditional Shares	186,893	444,433	100%	Awards released 2025

Notes:

1 The LTIP awards for the executive directors were 150% of 2020 salary; the DSP awards were 116% of 2019 salary.

2 The LTIP and DSP awards were made on 10 March 2020. The grant price was £2.378.

3 Mark Johnstone's salary was converted to sterling at a rate of £1:\$1.28 which was the average exchange rate during 2019.

LTIPs granted in 2020 (for 2020, 2021 and 2022 performance but not released until 2025)

The performance conditions for the LTIPs granted in 2020 are shown in the table below.

Percentage of shares vesting	EPS ¹ growth per annum (one third of each award)	Average annual ROIC (one third of each award)	TSR to FTSE 250 (one third of each award)
Nil	Less than 6.0%	Less than 8.0%	Less than 50th percentile
25%	At 6.0%	At 8.0%	50th percentile
25% to 100% straight-line pro-rata	Between 6.0% and 12.0%	Between 8.0% and 10.0%	Between 50th – 75th percentile
100%	At or above 12.0%	At or above 10.0%	At or above 75th percentile

¹ Basic cash earnings per share – note 6.

The EPS and ROIC targets were set on an IFRS 16 basis and for the Continuing Group. The EPS targets for awards were unchanged from the range in 2019. The average annual ROIC targets are lower but reflect the IFRS 16 basis. No changes were made to the TSR targets.

Chairman and non-executive directors

Chairman and non-executive directors – single figure total (£'000)

Director	Year	Salary and fees	Overall single figure total
Sir Nigel Rudd	2020	293	293
	2019	301	301
Amea Chande	2020	59	59
	2019	60	60
Wayne Edmunds	2020	58	58
	2019	60	60
Peter Edwards	2020	58	58
	2019	60	60
Emma Giltthorpe	2020	58	58
	2019	60	60
Victoria Jarman	2020	58	58
	2019	59	59
Stephen King	2020	70	78
	2019	67	67
Peter Ventress	2020	80	90
	2019	79	79

Fees in 2020 for the Chairman and non-executive directors

The fees for the Chairman and the non-executive directors are in the single figure table above.

The fees for the non-executive directors (including SID and Committee Chair roles) were reviewed in early 2020 and it was agreed to increase all fees by 2.5% with effect from 1 March 2020 in line with average employee rises during this cycle. The non-executive directors voluntarily surrendered 20% of their fee in the second quarter of the year in response to the COVID-19 pandemic.

Past directors

No payments have been made to any past directors of the Company during the year.

Loss of office payments

No directors received any payments for loss of office during the year.

All directors

Service contracts

The executive directors have rolling contracts of employment with no fixed term which entitle them to 12 months' notice from the Company in the event of termination other than for cause. Executive directors' contracts allow for termination with contractual notice from the Company or termination with a payment in lieu of notice, or an enforced period of gardening leave at the Company's discretion. Both the Group Chief Executive and the Group Finance Director are required to give the Company 12 months' notice.

The Chairman and the non-executive directors each have a letter of appointment. The Chairman's appointment is subject to six months' notice either way. The Company may terminate the Chairman's contract immediately and pay him an amount in lieu of his fees for the notice period.

Letters of appointment and service contracts are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office although during the pandemic lockdown it will be necessary to make an appointment with the Company Secretary. There are no contractual commitments over and above those disclosed above.

Mark Johnstone was appointed to the Board on 1 April 2018 and David Crook was appointed to the Board on 1 June 2017. The unexpired terms of service contracts for the Chairman and the NEDs are shown below:

	Date of first appointment to the Board	Unexpired term as at 1 March 2021
Sir Nigel Rudd	1 December 2016	22 months
Amea Chande	1 January 2018	34 months
Wayne Edmunds	7 August 2013	16 months
Peter Edwards	1 January 2016	10 months
Emma Gilthorpe	1 January 2018	34 months
Victoria Jarman	7 January 2019	10 months
Stephen King	7 January 2019	10 months
Peter Ventress	1 January 2016	10 months

Interests in shares, options and conditional awards

The table below shows the outstanding share scheme interests at 31 December 2020 and the changes during the year.

Share scheme interests

Director	Description	Performance measures	1 January 2020	Awarded during the year	Lapsed during the year	Vested during the year	31 December 2020
Mark Johnstone	2017 Conditional LTIP	Yes	107,492	–	73,213	34,279	0
	2017 Conditional DSP	No	67,766	–	–	67,766	0
	2018 Conditional LTIP	Yes	351,868	–	–	–	351,868
	2018 Conditional DSP	No	60,648	–	–	–	60,648
	2019 Conditional LTIP	Yes	454,632	–	–	–	454,632
	2019 Conditional DSP	No	294,683	–	–	–	294,683
	2020 Conditional LTIP	Yes	–	461,365	–	–	461,365
	2020 Conditional DSP	No	–	355,121	–	–	355,121
David Crook	2017 Conditional LTIP	Yes	149,826	–	102,048	47,778	0
	2017 Conditional DSP	No	77,360	–	–	77,360	0
	2018 Conditional LTIP	Yes	166,125	–	–	–	166,125
	2018 Conditional DSP	No	71,433	–	–	–	71,433
	2019 Conditional LTIP	Yes	244,928	–	–	–	244,928
	2019 Conditional DSP	No	173,242	–	–	–	173,242
	2020 Conditional LTIP	Yes	–	248,518	–	–	248,518
	2020 Conditional DSP	No	–	186,893	–	–	186,893

A number of the vesting shares are withheld to account for tax deductions.

Share options

Director	Plan description	Performance measures	1 January 2020	Awarded/ (exercised)/ (lapsed) during the year	31 December 2020	Exercise price in pence per share	Exercisable from	Expiry date
Mark Johnstone	2014 SAYE (2017 invitation – 3 year plan)	No	3,719	(3,719)		242	1/12/2020	31/5/2021
	2014 SAYE (2019 invitation – 3 year plan)	No	3,501	–	3,501	257	1/12/2022	31/5/2023
	2014 SAYE (2020 invitation – 5 year plan)	No		7,246	7,246	207	1/12/2025	31/5/2026
David Crook	2014 SAYE (2019 invitation – 3 year plan)	No	7,003		7,003	257	1/12/2022	31/5/2023

Directors' shareholdings and interests

In accordance with the Company's internal shareholding guidelines, the executive directors are expected to hold the equivalent of 300% of their annual salary in shares. There are no formal shareholding requirements in the articles of association of the Company. As at 31 December 2020 Mark Johnstone held 134% of his salary in shares and David Crook held 86% of his salary in shares. This is calculated using the average share price for the final quarter of 2020 which was 268 pence per share. The executive directors are expected to build up their holding to meet the shareholding expectation over five years from appointment. The directors' shareholdings are shown in the table below.

Directors' shareholdings and share interests (includes connected persons)

Director	Ordinary shares held at 31 December 2020 (or date of leaving if earlier)	Ordinary shares held at 1 January 2020 (or date of joining if later)
Mark Johnstone	371,823	283,036
David Crook	127,633	59,731
Victoria Jarman	6,690	6,690
Stephen King	48,000	48,000
Sir Nigel Rudd	145,600	145,600
Peter Ventress	20,610	20,610

Amee Chande, Wayne Edmunds, Peter Edwards and Emma Gilthorpe did not hold any shares in the Company on 1 January 2020 or at any point during the year. There have been no changes to the shareholdings shown in this table between the year end and the signing of this report on 1 March 2021.

AGM voting

The most recent votes cast in respect of the resolutions relating to remuneration were:

	Votes for	% for	Votes against	% against	Votes cast	Votes withheld
2019 Directors' Remuneration Report (2020 AGM)	663,046,460	94.6	37,662,260	5.4	700,708,720	7,442
Directors' Remuneration Policy (2018 AGM)	842,743,056	99.4	4,979,608	0.6	847,722,664	36,297

Note: A vote withheld is not a vote in law and accordingly these are not included in the percentages shown above.

Implementation of Policy in 2021

The Committee proposes to operate the new Policy that will be put to shareholders at the AGM in May in respect of 2021. Each element of remuneration is covered briefly below.

Base salary

Salary reviews are normally effective from 1 March. The Remuneration Committee decided that there would be no increases to base salaries for either of the executive directors on 1 March. The Committee reserves the right to review the position later in the year.

Mark Johnstone's salary is denominated in US dollars and, accordingly, this amount may appear to fluctuate when disclosed in sterling. The impact of any exchange rate differences will be explained where necessary within the Remuneration Report.

Pension and benefits

The Committee does not expect to change the pension or benefit arrangements for the executive directors in 2021. It is noted that if the new Policy is approved, the pension arrangements will be aligned with the wider workforce during the lifetime of the new Policy.

Annual cash bonus

For 2021, the annual bonus opportunity for executive directors is 90% of salary and will again be contingent on meeting financial targets. The targets for the year will remain appropriately stretching and relevant to the Company's strategy. The financial targets will be based on operating profit and free cash flow at the half and full year.

As in recent years, the Board has decided that bonus targets for 2021 are commercially sensitive as they could provide the market and competitors with confidential information on the Group's strategy and expectations. The Board will disclose the targets once they are no longer commercially sensitive and anticipates they will be disclosed in the 2021 Annual Report.

Deferred Stock Plan

In respect of 2021, Mark Johnstone and David Crook are eligible to receive an award (in early 2022) under the plan. The award will be subject to a maximum of 125% of their 2021 salary following an assessment of Group operating profit performance at the end of the 2021 financial year and performance against the Group's strategic objectives. These awards will be subject to a three-year cliff vest and a subsequent two-year holding period. The Committee considered the following points when setting the performance conditions and targets for the DSP:

- where strategic and operational objectives are used, the Committee will ensure that a significant component of the targets set are capable of quantifiable assessment; and
- the objectives and the performance against those objectives will be fully disclosed in the Remuneration Report in the following year.

LTIP

The LTIP is not part of the new Policy. If the new Policy is not approved, LTIP awards will be made following the AGM. The performance targets have not been considered as the awards are unlikely to be required. The Remuneration Committee would consider all relevant factors when setting the targets, as it has done in respect of awards granted under the Policy operating from 2018 to 2020.

Restricted Stock Plan

Under the new Policy the RSP will replace the LTIP. The Committee anticipates making RSP awards to the executive directors in accordance with the new Policy shortly after the AGM in May.

Chairman and NED fees

As for the executive directors, there will be no increases to Chairman and NED fees with effect from 1 March 2021. The Committee reserves the right to review the position later in the year.

Audited sections of the Remuneration Report

Deloitte LLP has audited the following items in the Directors' Remuneration Report as stipulated in the regulations:

- the directors' single figure total table and associated footnotes for executive directors on page 85 and for the Chairman and non-executive directors on page 90;
- the out-turn of the 2020 bonus on pages 86 to 87;
- the out-turn of the DSP awards in respect of 2020 and the 2018 LTIP on pages 88 to 89;
- past directors and payments for loss of office section on page 90;
- the tables of share scheme interests and options on pages 91 to 92; and
- the table of directors' shareholdings and share interests on page 92.

The Directors' Remuneration Report was approved by the Board on 1 March 2021 and signed on its behalf by:

Peter Ventress,
Chairman of the Remuneration Committee

Compliance with the Corporate Governance Code

P – Remuneration policies and practices designed to support strategy

The Directors' Remuneration Policy was designed with the Code provisions in mind and complies with the current recommendations. The majority of variable pay is provided through conditional shares with a three-year vesting period and two-year holding period. This aligns the executive directors with shareholders and encourages long-term decision making to deliver the Group's strategic plan. The DSP goals are designed to drive strategic progress. Additionally, see the proposed Policy for a detailed explanation of the reason behind the introduction of the RSP awards.

Q – Formal and transparent procedure for developing policy on executive remuneration

The proposed Policy has been developed in consultation with shareholders and giving consideration to the structure most likely to promote the long-term success of the Company for shareholders. The Committee has consulted with its advisers and shareholders before proposing the new Policy.

R – Directors to exercise independent judgement and discretion when authorising remuneration outcomes

The proposed Policy allows directors to use judgement and discretion when authorising outcomes and, as noted below under principle 37, this has been used in recent years. The Remuneration Committee will consider all relevant factors before authorising any remuneration decision.

32 – Establish remuneration committee

The Company has formed a Remuneration Committee in accordance with the Code provisions.

33 – Delegated responsibilities and review of workforce remuneration and related policies

The Committee conducted a review of workforce remuneration and related policies at its meeting in May 2019 and has a session scheduled for May 2021.

34 – Non-executive directors' remuneration

The non-executive directors are only paid a fee that reflects the time commitment required for their roles. There is a basic fee and an additional amount is paid to the Board Committee Chairs and also to the Senior Independent Director. The non-executive directors do not receive any equity awards or other form of performance-related pay. The non-executive directors may, if they wish, buy shares in the Company subject to the Company's share dealing code, but there is no obligation to do so.

35 – Consultants appointed by the committee

The Remuneration Committee's consultants, PwC, were appointed by the Committee in 2015.

36 – Remuneration schemes should promote long-term holdings by executive directors

The Policy requires the executive directors to build up a shareholding of 300% of salary within five years of appointment. The variable rewards support this and, as noted above, are aligned to the Group's strategy.

37 – Use of discretion

The Committee has the power to apply discretion to ensure that the outcomes of the reward structures in place are fair to both shareholders and directors and reflect the Company's and each individual director's performance. The Committee used its discretion to reduce the quantum of the LTIP awards vesting in 2018 (reported in the 2017 Annual Report) when the impact of US tax reform would have resulted in a windfall for directors that was not reflective of performance. The Committee has also used discretion in respect of 2020 not to pay a bonus for personal performance.

38 – Only basic salary to be pensionable

The Company complies with this provision.

39 – Notice and contractual periods

The notice and contractual periods for executive directors are one year and comply with the Code's provisions.

40 – Matters to be addressed by the committee when determining remuneration

The Committee is satisfied that the current remuneration structure and its application reflects the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture. The Committee considered these same factors in developing the proposed Policy, to be put to shareholders at the AGM.

41 – Report on the work of the committee and reporting requirements

We provide the strategic rationale for the executive director remuneration in the Committee Chairman's Statement on pages 78 to 79. The Committee is satisfied that the remuneration outcomes are appropriate relative to performance and consistent with the wider Company pay policy. The Committee is therefore satisfied that the Remuneration Policy operated as intended in 2020.

We have an open approach to shareholder engagement and have conducted a comprehensive engagement programme, writing to shareholders representing over 70% of shares in the Company and offering to meet with them by video conference to discuss the proposed Policy.

As part of its extended remit, the Committee considered the incentive structures throughout the senior management team which are consistent with and aligned to the directors' Remuneration Policy. The Committee is also responsible for oversight of pay structures and employment policies for the full workforce, including their alignment with the principles of the directors' remuneration. We welcome feedback from our workforce in relation to the Company pay practices.

Proposed Policy

Background

We have set out below the detailed reasons explaining the background to the proposed Policy and the reasons why the Remuneration Committee believes it is the right approach for the Company.

At our 2018 AGM shareholders approved a number of changes to our directors' Remuneration Policy. These included the simplification of our incentive structure through the removal of the e-LTIP, and a decrease to our LTIP opportunity as part of a rebalancing of the remuneration package towards the Deferred Stock Plan. With the support of shareholders, the Committee took the view that long-term strategic objectives needed to be broken down into shorter milestones if they were to be successfully implemented. Therefore, whilst the DSP performance targets are set on an annual basis, a number of objectives to which these performance conditions relate are multi-year.

Furthermore, with the appointment of a US-based CEO and a predominantly US-based business and management team, the slight weighting of the package towards an annual assessment of performance was a key decision to align with the remuneration structures of our US competitors and enable us to compete for talent in this market. Shareholders were aware that it is very difficult for a UK listed company to implement US levels of equity compensation. The Committee, therefore, took the view that whilst the Company cannot compete on absolute quantum it would provide more competitive levels of deferred stock.

The Committee is now proposing a number of amendments to the Policy which continue the themes from the 2018 review:

- **Alignment to strategy:** we are proposing to introduce a long-term Restricted Share Plan (RSP) to replace the existing Long-Term Incentive Plan (LTIP). This aligns to our strategy and avoids the challenge of setting long-term performance conditions in an inherently cyclical business which can lead to "boom and bust" payments under traditional LTIPs;
- **Alignment to shareholders:** the introduction of the RSP focuses on building material shareholding as a mechanism to focus on long-term sustainable performance and alignment with shareholders. We are also introducing a post cessation shareholding requirement equal to 300% of salary for two years post cessation, which further aligns the interests of executive directors and shareholders;
- **Alignment to market:** we are proposing to increase the annual cash bonus opportunity from 65% of salary to 90% of salary. This narrows the gap to our US competitors and, with the introduction of the RSP, aligns our remuneration structure more closely to the US market where we compete for senior talent;
- **Internal alignment:** the increase to the annual cash bonus opportunity aligns our executive directors with our Signature Leadership Team in terms of annual cash bonus quantum; and
- **Alignment to Corporate Governance Code:** we have made changes which bring the Policy into line with the 2018 Corporate Governance Code, new regulations and best practice, including the reduction of incumbent executive director pension contributions to the workforce level at the end of 2022.

The effect of the proposed changes is a reduction in total quantum compared to the current remuneration structure and no change at target levels of performance. The Remuneration Policy has the full support of the executive directors. A summary of the new Policy is set out below.

Rationale behind the executive remuneration proposals

The introduction of the Restricted Share Plan provides:

- **Focus on long-term sustainable performance** – The build up of a long-term locked in shareholding by the executive directors ensures a focus on the long-term sustainable performance of the business. It is critical at this point that the executive directors are focused on ensuring the long-term sustainable performance of the Company. The Committee believes that the ability of the RSP to ensure the executive directors are material, locked in shareholders for the long term will encourage a focus when making decisions on considering the long-term impact on the business as opposed to those to meet comparatively short-term objectives. However, the Committee does believe that it is important that the executive directors do not take their eye off the need to deliver shorter-term financial and operational objectives and therefore achieves this dynamic tension through the retention of the annual cash bonus and the Deferred Stock Plan;

- **Challenge of setting performance conditions for LTIP awards** – the Company has the following headwinds to navigate when attempting to set three-year performance conditions in advance for LTIP awards:

- It allows for flexibility in the precise timing and execution of a new strategy to adapt to changing priorities without the requirement to continually review subsisting and new LTIP performance conditions. LTIP performance conditions once set can therefore quickly become irrelevant and the ability to change inflight performance conditions is challenging in the current climate; and in any case constant adjustments of performance conditions and targets tends to lead to opaqueness for all stakeholders;
 - There is also a degree of inherent inaccuracy of the Committee trying to set performance conditions three years in advance which is extremely challenging given the external market factors acting on the Company and the cyclical market it operates in;
 - Operating within a cyclical business often results in the timing of performance conditions making a bigger difference on the vesting outcomes of the LTIP than the performance of the Company. The result tends to be that LTIPs operate on a “boom” or “bust” payment profile which is less relevant to both incentivisation and retention.
 - The use of the RSP avoids the above issues. This challenge is less when setting performance conditions for the annual cash bonus and Deferred Stock Plan which measure performance over one year and therefore there is greater visibility of forecast business performance over this shorter period.
- **Same ownership experience as shareholders** – the Committee feels that it is important that the executive directors share the same ownership experience as shareholders, rather than have remuneration outcomes which do not completely align. The Committee believes that a shared ownership experience is the most effective way of ensuring alignment of interests between shareholders and executive directors. The key purpose of the RSP and the DSP is to provide the executive directors, from their appointment, with the opportunity to quickly build up a material equity holding to provide this shared ownership experience.
 - **Simplification** – the Committee believes that the removal of the LTIP and replacement with an RSP simplifies the overall remuneration of the Company for its executive directors. For all the reasons set out above it is the Committee's view that the build up and retention of a material shareholding is the best and simplest way to focus executive directors on long-term sustainable performance.

The increase to cash bonus opportunity:

- **Narrows the gap to market** – with a US-based CEO and a predominantly US-based Signature Leadership Team, the increase in the quantum of the annual bonus for executive directors shifts the overall focus of the remuneration package slightly further towards short-term performance and narrows the gap to the labour market where we compete for senior talent.
- **Aligns executive opportunity with Signature Leadership Team** – this creates equality of treatment across the leadership team and smooths internal progression.

The introduction of post cessation shareholding requirement:

- **Further aligns executive experience with shareholders** – by requiring executive directors to hold shares in the Company for a minimum of two years post cessation, creating alignment with shareholders over a longer period and encourages the delivery of sustainable long-term growth in the business.
- **Aligns with market best practice** – the requirement will be to hold 100% of the current shareholding requirement (equal to 300% of salary) for two years post-employment. This complies with the Corporate Governance Code and also aligns with the Investment Association's best practice guidance.

Conclusion

We have consulted with our larger shareholders since November 2020 and the majority of larger shareholders have indicated they would support the proposed Policy.

The full Policy follows on pages 98 to 108. The Board believes this Policy is in the best interests of shareholders who are urged to support it at the AGM.

Introduction

Subject to shareholder approval at the AGM this Policy will operate from 1 January 2021. Any remuneration paid between 1 January and the date of shareholder approval (or otherwise) will be permitted under both this proposed new Policy and the Policy that has operated since 1 January 2018.

Our strategy is to recruit and retain the most talented executive leadership in our industry. We will seek to develop internal talent, attract at salaries above market rate and build a framework whereby Signature can be a long-term career option for all employees. Benefits will be set at market rate for tiers and bands so that our salary offering can differentiate us from competitors.

All contractual commitments or awards made which are consistent with the remuneration policy in force at the time that the commitment or award was made will be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled or awards vest. Any contractual commitments entered into or awards made before the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 came into force or before a person became a director will also be honoured. The tables below set out Signature Aviation's Remuneration Policy for directors and how it operates.

The Remuneration Committee will apply the policy considering all relevant factors taking advice from professional advisors when necessary. In accordance with the Committee no director will be involved in matters concerning their own remuneration.

Policy table: executive directors

Base salary There are no performance or recovery provisions.	
Strategic purpose	Designed to attract individuals with the skills and capabilities to oversee the execution of the Group's strategy. Set to reflect the role, the international nature of operations and the contribution, skills and experience of the individual.
Operation	Reviewed annually taking into account market conditions, business performance, personal contribution, and the level of pay awards and conditions elsewhere in the Group. Market comparisons are typically carried out every three years and are made against organisations of comparable size, complexity, geographical spread, business focus and opportunity. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.
Maximum opportunity	Typically, the base salaries of executive directors in post at the start of the policy period and who remain in the same role throughout the policy period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in the Group. The exceptions to this rule may be where there is an increase in scope, complexity or responsibilities of the role/salary progression for a newly appointed director and market adjustment. Salary increases are linked to individual contribution and performance, which is assessed annually by the Remuneration Committee. The Committee ensures that salary levels are positioned in line with companies of comparable size, complexity, geographical spread, business focus and opportunity so that they are competitive against the market.
Link to performance	Salary increases are linked to individual contribution and business performance, which is assessed annually by the Remuneration Committee.
Pension There are no performance or recovery provisions.	
Strategic purpose	Provides the opportunity for longer-term savings to prepare for retirement, tax efficiently where possible, to ensure arrangements are locally competitive.
Operation	Participation in a defined contribution pension plan or a cash allowance in lieu of this or a combination of the two. Pension is not included in salary figures for the purposes of determining any other benefit entitlement.
Maximum opportunity	Up to 20% of base salary per annum as a cash payment or employer contribution into the pension scheme for current executive directors. The Company will set out in the report section headed Implementation of Remuneration Policy, in the following financial year the pension contributions for that year for each of the executive directors. In respect of new executive directors, the level of cash payment will be set in line with other employees and that level will also be achieved for the current executive directors by 2023.
Link to performance	n/a

Other benefits	
There are no performance or recovery provisions.	
Strategic purpose	Provided to ensure arrangements are locally competitive, are consistent with arrangements provided to other senior employees and enhance efficiency and personal welfare.
Operation	Benefits include, but are not limited to, a company car or allowance, private medical insurance, health and welfare benefits, life insurance, death in service benefit, annual holiday, sick pay and an annual health check. Relocation benefits may be provided in certain circumstances (see note 4 on page 100). The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may therefore be offered.
Maximum opportunity	Benefits are set by the Remuneration Committee to be locally competitive, and consistent with arrangements provided to other senior employees. The maximum is the cost of providing the relevant benefits; levels are determined by market rates.
Link to performance	n/a
Annual Bonus Plan (ABP)	
There are provisions for recovery of sums paid or withholding of sums – subject to the Group's malus and clawback policy (see table on page 101).	
Strategic purpose	Focuses on delivery of primarily financial targets set over a 12-month period and acts as an incentive for the achievement of Group financial objectives and potentially certain non-financial KPIs.
Operation	Annual performance conditions including targets and weightings are determined by the Committee at the beginning of the year. Bonus is normally paid in March following the finalisation of the Company's year end accounts and is based on personal and Company performance in the previous financial year. Bonus is delivered in cash.
Maximum opportunity	The maximum annual cash bonus is 90% of salary. At threshold financial performance, up to 25% of the maximum bonus can be earned. At target performance, up to 45% of the maximum bonus can be earned. Bonus is earned on a straight-line or kinked-line basis between threshold and target, and between target and maximum.
Link to performance	The level of bonus paid each year is determined by the Remuneration Committee after the year end based on performance against targets. Financial targets will normally account for at least 60% of the potential maximum award. The Committee reviews the measures, the targets and the relevant weightings on an annual basis to ensure they remain appropriately aligned with the business strategy. Examples of financial performance measures include operating profit and Group free cash flow.
Deferred Stock Plan (DSP)	
There are provisions for recovery of sums paid or withholding of sums – subject to the Group's malus and clawback policy (see table on page 101)	
Strategic purpose	To strengthen the focus on delivering the Group's medium to long-term strategic goals and enhance the alignment between the interests of executives and shareholders. The plan provides the individuals with an economic effect equivalent to annual bonus deferral.
Operation	Deferred stock will be allocated from a pool calculated by reference to Group operating profit. Annual performance conditions and targets are set at the beginning of the plan year. The proportion of the deferred stock pool available for allocation each year will be determined by the achievement of strategic Group objectives during the year. The value of the pool will be converted into a number of shares based on the prevailing share price. As well as determining the performance conditions, targets and relative weighting, the Committee will also determine, within the pool limit, the allocation of deferred stock to each individual based on potential and performance at the beginning of the plan year. Awards are provided in shares which vest on the third anniversary of the grant date subject to continued employment and are subject to a two-year holding period that expires on the fifth anniversary of grant. An award is made up of conditional shares that will be delivered based on the Company's performance against strategic objectives and subject to continuing employment. Under the rules of the plan the Remuneration Committee may make an award in respect of dividends that would have been received on the shares.
Maximum opportunity	The maximum opportunity is 125% of salary.
Link to performance	The pool will be calculated at the beginning of each year and the size of the pool will be the equivalent in value to 3.5% of the average Group operating profit over the prior three years. The value of the pool will be converted into a number of shares based on the prevailing share price. The proportion of the deferred stock pool available for allocation each year will be determined by the achievement of strategic Group objectives during the year. An award under the DSP is subject to satisfying operational and strategic Group objectives that are directly linked to Company strategy and KPIs, measured over a period of one financial year. The current performance condition is a matrix of strategic Group objectives.

Restricted Stock Plan (RSP)

There are provisions for recovery of sums paid or withholding of sums paid – subject to the Group's malus and clawback policy (see table on page 101 below).

Strategic purpose	Increases alignment to the US market in terms of the balance of the overall reward package and also increases alignment between directors and shareholders with a mechanism for directors to build their shareholding in the Company. The scheme avoids some of the negative elements of a traditional LTIP award.
Operation	<p>Awards are granted annually to executive directors in the form of a conditional share award, nil cost option or restricted share award. Awards will vest at the end of a three-year period.</p> <p>There are no performance conditions on grant, however the Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.</p> <p>Committee discretion to adjust vesting if business performance, individual performance or wider Company considerations mean in their view that an adjustment is required. This means that:</p> <ul style="list-style-type: none"> The Committee will review the share price performance at the end of the vesting period to determine whether any windfall gains have been provided through a 'bounce back' in the share price; The Committee will take into account the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting: <ul style="list-style-type: none"> whether threshold performance levels have been achieved for the performance conditions for the Bonus Plan for each of the three years covered by the vesting period for the restricted shares; whether there have been any sanctions or fines issued by a regulatory body, participant responsibility may be allocated collectively or individually; whether there has been material damage to the reputation of the Company, participant responsibility may be allocated collectively or individually; the level of employee and customer engagement over the period; and in all cases subject to the Committee's holistic assessment at vesting based on business performance, individual performance or wider Company considerations. The executive director's continued employment at the date of vesting. <p>Awards are also subject to an additional holding period of two years following the vesting of shares.</p>
Maximum opportunity	Maximum annual award is 75% of salary.
Link to performance	The Committee's use of the underpin described in the operation of the plan above ensures an appropriate link to performance.
All employee equity participation plans	
Strategic purpose	To encourage employees to buy shares in the Company, tax efficiently where possible.
Operation	Executive directors may participate in locally approved plans on the same basis as all eligible employees.
Maximum opportunity	Subject to the relevant local tax limits.
Link to performance	n/a

Notes:

- The performance measures selected for the purposes of the annual bonus plan and the long-term incentive plans are either Key Performance Indicators for the Group or are selected in order to encourage and reward directly or indirectly sustainable and long-term shareholder value creation. Performance targets are set taking into account prior year performance, annual budgets, strategic imperatives and external factors. "Threshold" performance is set taking into account the highly cyclical nature of our business and the variability of results from year to year and our dependence on flying hours. The "maximum" standard of performance is intended to be exacting and to represent a level of performance that places the Group among the best performers.
- The elements of remuneration for executive directors are similar to those that apply to the management banded population in the Group. Any differences that exist arise either because of market practice and/or the Remuneration Committee's assessment of business need and commercial necessity.
- The Company also reimburses business expenses in accordance with the corporate business expenses policy which the Remuneration Committee has discretion to revise from time to time.
- In addition to other benefits, the Remuneration Committee, where necessary, will provide support in accordance with Signature Aviation's standard approach to relocation where a director is required to relocate to fulfil their responsibilities. The primary purpose of the policy is to facilitate recruitment and relocation of key employees by protecting the individual and their family from costs arising directly from a move of residence required for business reasons. The elements of the policy include, but are not limited to, travel, reimbursement of the cost of movement of household goods, housing, schooling and other reasonable costs.

Intention and discretion

In respect of the Annual Bonus Plan, the Deferred Stock Plan and the Restricted Stock Plan, the Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the nature of the targets and their weighting for each year. Details of the performance conditions, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration. Should the Committee determine that one or more targets are commercially sensitive, these will be disclosed in subsequent years' remuneration reports once commercial sensitivity ceases to apply. When the Committee sets targets for any element of reward it should be assumed that these are on a consistent basis of accounting and, where accounting standards change during the performance period, the Committee will (when it is fair and equitable to do so) make adjustments to ensure that directors neither benefit nor suffer as a result of changes in accounting standards. The Committee may make adjustments for exceptional items in the performance period if it is fair and equitable to do so.

In exceptional circumstances the Committee retains the discretion to:

- change the performance measures or underpins and targets and the weighting attached to the performance measures and targets part-way through a performance period if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets or underpins are no longer appropriate;
- make downward or upward adjustments to the amount of bonus contribution earned or DSP, RSP or awards under the Long-Term Incentive Plan (LTIP) awarded in previous years resulting from the application of the performance measures or underpins, if the Committee believes that the outcomes are not a fair and accurate reflection of business performance.

Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.

The Committee retains a discretion to amend or correct any obvious errors contained within the Policy.

Malus and clawback policy

The table below sets out the scope and circumstances under which withholding (malus) and recovery of pay (clawback) will be applied to the variable pay of the executive directors. The same provisions also apply to the senior staff in Bands 1–4 (circa 70 employees). The definition of malus and clawback that will apply for the ABP, DSP, RSP and LTIP awards from previous years are:

- Malus is the adjustment of the ABP payments or unvested DSP and RSP awards because of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to nil.
- Clawback is the recovery of payments made under the ABP or vested DSP, RSP or LTIP awards as a result of the occurrence of one or more circumstances listed below.
- Clawback may apply to all or part of a participant's payment under the ABP or vested DSP, RSP or LTIP awards and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- The assessment that any performance condition or condition in respect of a payment under the ABP, DSP, RSP or LTIP award was based on error, or inaccurate or misleading information;
- The discovery that any information used to determine the ABP payments or DSP, RSP or LTIP awards was based on error, or inaccurate or misleading information;
- Action or conduct of a participant which amounts to fraud or gross misconduct;
- Events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant; or
- Material failure of risk management or corporate failure.

	ABP	DSP / RSP / LTIP
Malus	Up to the date of bonus determination.	To the end of the three-year vesting period.
Clawback	Two years post the date of any payment under the Plan.	Two years post vesting.

Policy table: Chairman

Fees	
There are no performance or recovery provisions.	
Strategic purpose	Designed to attract and retain a high-calibre chairman by offering a market-competitive fee.
Operation	The Chairman is paid an annual fee, paid in cash, which is set by the Remuneration Committee and reviewed on an annual basis. Note that a review does not automatically give rise to an increase in fees.
Maximum opportunity	The annual percentage fee increase will not normally exceed increases for employees across the Group as a whole with comparable levels of performance except in certain exceptional circumstances such as an increase in scope, complexity or responsibilities of the role, and market adjustment.
Link to performance	The review takes account of level of experience, time commitment and relevant market comparisons reflecting the size and complexity of the Company.

Benefits	
There are no performance or recovery provisions.	
Strategic purpose	To support the effective performance of duties.
Operation	Benefits may include, but are not limited to, contribution to the costs of a car and a driver.
Maximum opportunity	Benefits are set by the Remuneration Committee to be locally competitive and appropriate for the role and will not exceed 30% of fees.
Link to performance	n/a

Policy table: non-executive directors

Fees	
There are no performance or recovery provisions.	
Strategic purpose	Designed to attract and retain high-calibre non-executive directors by offering market-competitive fees.
Operation	The non-executive directors are paid an annual basic fee (paid in cash) and supplements are paid for additional responsibilities. The Chairmen of the Audit and Risk and Remuneration Committees receive an additional fee for chairing the Committees. The Senior Independent Director receives an additional fee. Non-executive directors' fees and supplements are reviewed periodically with comparisons made against similar roles in organisations of comparable size, complexity, geographical spread, business focus and opportunity.
Maximum opportunity	The annual percentage fee increase will not normally exceed increases for employees across the Group as a whole with comparable levels of performance except in certain exceptional circumstances such as an increase in scope, complexity or responsibilities of the role and market adjustment.
Link to performance	The fee review takes account of level of experience, time commitment and relevant market comparisons reflecting the size and complexity of the Company.

Benefits	
There are no performance or recovery provisions.	
Strategic purpose	To support the effective performance of duties.
Operation	None is currently given.
Maximum opportunity	Benefits are not variable and are set by the Remuneration Committee to be locally competitive and appropriate for the role.
Link to performance	n/a

Notes

1 The Company also reimburses business expenses in accordance with the corporate business expenses policy which the Remuneration Committee has discretion to revise from time to time.

Shareholding requirement

To ensure that executive directors' interests are aligned with those of shareholders over a longer time horizon there is a formal shareholding guideline to encourage substantial long-term share ownership by executive directors.

The ownership guideline for executive directors is 300% of base salary, which should be achieved within five years. This element of the Policy ensures that the interests of the executive directors and those of shareholders are closely aligned. The build-up and retention of shares by management is a key objective of the Policy. The Committee retains the discretion to increase the shareholding requirements.

Executive directors are required to continue to hold 300% of their final base salary in shares for two years after ceasing to be a director of the Company. Former executive directors are not obliged to purchase additional shares to meet this obligation.

For the purposes of this shareholding requirement the following will be included:

- Shares held by the director or a connected person, including shares held within an ISA, pension or any other nominee arrangement;
- Shares that have vested that remain subject to a holding period; and
- Unvested shares (net of the applicable marginal tax rate) that will vest subject to the passing of time (all RSP awards will be in this category – LTIP awards will not be counted owing to the performance conditions applied prior to vesting).

The shareholding obligations will be enforced by requiring directors to deposit their share certificates with the Company Secretary for safekeeping. Former directors may be permitted to transfer their shares to a pension or ISA arrangement in agreement with the Chairman.

Legacy arrangements under incentive plans

There are outstanding awards which apply to directors made under arrangements which will not be offered under the Policy effective from the close of the Company's 2021 AGM. The awards already made under these plans will be honoured.

Recruitment and appointment policy

On appointment the Committee's approach to remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be determined in accordance with the principles set out on page 98. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is aware of guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with the award.

If an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's policy when setting fees for the appointment of new non-executive directors is to apply the policy which applies to current non-executive directors.

The Company's policy when setting remuneration for a new director is summarised in the following table:

Remuneration element	Policy
Base salary and benefits	The salary level will be set taking into account the responsibilities of the individual, experience and the salaries paid for similar roles in comparable companies. The Committee will apply the policy set out on salaries for the current executive directors in the remuneration policy table. The executive director shall be eligible to receive benefits in line with the Company's benefits policy as set out in the remuneration policy table.
Pension	The executive director will be entitled to receive contributions into a pension plan or alternatively to receive a supplement in lieu of pension contributions in line with the Company's pension policy as set out in the remuneration policy table.
Annual Bonus Plan (ABP)	The executive director will be eligible to participate in the ABP as set out in the remuneration policy table. The maximum potential opportunity under this plan is 90% of salary.
Deferred Stock Plan (DSP)	The executive director will be eligible to participate in the DSP as set out in the remuneration policy table. The maximum potential opportunity under this plan is 125% of salary.
Restricted Stock Plan (RSP)	The executive director will be eligible to participate in the RSP as set out in the remuneration policy table. The maximum potential opportunity under this plan is 75% of salary.
Total incentive opportunity	The maximum variable remuneration which may be granted in normal circumstances is 290% of salary under the ABP, DSP and RSP (excluding the value of any buy-out awards).

Remuneration element	Policy
"Buy-out" of incentives forfeited on cessation of employment	<p>The Committee's policy is not to provide buy-outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justifies the provision of a buy-out, the equivalent value of any incentives that will be forfeited on cessation of an executive director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> • the proportion of the performance period completed on the date of the executive director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value (lapsed value). <p>The Committee may then grant up to the equivalent value as the lapsed value, where possible, under the Company's existing incentive plans.</p> <p>To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans a bespoke arrangement would be used.</p>
Relocation policies	<p>Where the new executive director is required to relocate from one work base to another, the Company may provide one-off/ongoing support as part of the director's relocation benefits compensation to reflect the cost of relocation for the executive director in cases where they are expected to spend significant time away from their country of domicile. The level of relocation package will be assessed on a case-by-case basis, but will take into consideration any cost of living differences, housing allowance and schooling.</p>

Levels of remuneration under the Policy assuming different performance outcomes for 2021

This information has been prepared on the basis that the Policy that is being put to shareholders for approval at the 2021 AGM is approved.

For the purposes of this analysis the following assumptions have been made:

- Fixed elements comprise base salary and other benefits.
- Base salary and benefits and pension reflect the salary at 1 January 2021.
- For mid-point performance, the following assumptions are applied: 50% of annual bonus; 50% of DSP; and 100% of RSP.
- Housing and relocation are excluded.

Service contracts

The executive directors have rolling contracts of employment with no fixed term which entitle them to 12 months' notice from the Company in the event of termination other than for cause. Executive directors' contracts allow for termination with contractual notice from the Company or termination with a payment in lieu of notice, or an enforced period of paid garden leave at the Company's discretion. The Group Chief Executive and the Group Finance Director are required to give the Company 12 months' notice.

The Chairman and the non-executive directors each have a letter of appointment. The Chairman's appointment letter entitles him to six months' notice from the Company and he is required to give the Company six months' notice. The Company may terminate the Chairman's contract immediately and pay him an amount in lieu of his fees for six months less statutory deductions.

Letters of appointment and service contracts are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office. There are no contractual commitments over and above those disclosed in this Policy.

All directors benefit from a Company indemnity in connection with their duties and the Company also purchases Directors and Officers Liability insurance.

Policy on payment for loss of office/leaving the Company

When determining any loss of office payment for a departing director, the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment. The Company will seek to avoid making any payment for failure.

A director who leaves as a result of poor personal performance will normally be treated differently than a director who leaves by reason of redundancy, retirement or ill health. The Company will not make any payments for loss of office in the event of gross misconduct.

The Remuneration Committee will operate the share schemes in accordance with their respective rules and in accordance with the principles of the Remuneration Policy (see page 98 for further details).

The share plan rules make more generous provisions for those who leave for a permitted reason (ill health, retirement, redundancy etc.) and this is colloquially referred to as a "good leaver".

On termination, a non-executive director would normally receive their fee for the month of termination. The Chairman is entitled to six months' notice and benefits for that period if served notice by the Company.

The Company may purchase a small leaving gift for departing directors.

The table below sets out how each component of the payment may be calculated. Any discretions described in the table below may be applied in full or in part against all or part of an award as the Committee thinks fit.

Element of payment	Basis of calculation	
	Permitted reason (good leaver)	Other reason
Annual base salary and benefits	Executive directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months' salary. Such payments will be equivalent to the monthly salary and benefits that the executive would have received if still in employment with the Company. These will be paid over the notice period. Executive directors will be expected to mitigate their loss within a 12-month period of their departure. The Company has discretion to make a lump sum payment in lieu of notice. The Committee may also make modest payments relating to outplacement consultancy.	There will be no compensation for loss of office due to misconduct or normal resignation.
Pension	Pension contributions or payments in lieu of pension contributions will be made during the notice period. The Company has discretion to make a lump sum payment in lieu regarding loss of office. Calculated on a contractual basis and where the pay in lieu of notice clause is invoked, an amount up to one year's accrued benefits.	There will normally be no payments or compensation.
Annual Bonus Plan (ABP)	Performance conditions will be measured at the measurement date. The Committee's normal policy is that the bonus will be pro-rated for time although the Committee may decide not to pro-rate for time. It is the Committee's intention to only use this discretion in circumstances which, in its opinion, are sufficiently exceptional and where there is an appropriate business case which will be explained in full to shareholders.	No bonus is payable for the year of cessation. The Remuneration Committee has the discretion to determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances which, in its opinion, are sufficiently exceptional and where there is an appropriate business case which will be explained in full to shareholders.

Element of payment	Basis of calculation	
	Permitted reason (good leaver)	Other reason
Deferred Stock Plan (DSP)	<p>All subsisting deferred stock awards will vest.</p> <p>The Remuneration Committee has discretion:</p> <ul style="list-style-type: none"> to vest deferred shares at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the executive director's departure. <p>Awards subject to the holding period (i.e. vested awards for years four or five following grant) will normally be released at the end of the holding period. The Committee has discretion to release the shares earlier and will make this determination depending on the type of good leaver reason resulting in the cessation.</p>	<p>Lapse of any unvested deferred stock awards.</p> <p>Awards subject to the holding period (i.e. vested awards in years four or five following grant) will be released at the end of the holding period.</p> <p>The Remuneration Committee has the discretion to determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders.</p> <p>The Committee may determine to pay cash in lieu of shares.</p>
	<p>For the year of cessation</p> <p>The award will normally be pro-rated for the period worked during the financial year.</p> <p>Discretion: the Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> to determine that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; to determine whether to pro-rate the Company award to time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders; to determine whether the award will vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment. <p>Subsisting awards</p> <p>Awards will be pro-rated to time and will vest on their original vesting dates and remain subject to the holding period.</p> <p>Other leavers:</p> <p>Discretion: the Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> to determine that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; to determine whether to pro-rate the award to the date of cessation. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the executive directors' departure; to determine whether the awards vest on the date of cessation or the original vesting date. The Committee will make its determination based amongst other factors on the reason for the cessation of employment; to determine whether the holding period for awards applies in part or in full. The Committee will make its determination based amongst other factors on the reason for the cessation of employment. 	<p>Other leavers: No award for year of cessation.</p> <p>Unvested awards will be forfeited on cessation of employment. Vested awards will remain subject to the holding period.</p>
Compensation for forfeited remuneration	Upon termination, any "buy-out" awards would normally lapse. However, the Remuneration Committee does retain the discretion to decide otherwise, provided the termination is not as a result of poor performance.	
Other benefits, e.g. relocation allowances, international mobility benefits and expenses	Will depend on what has been agreed on appointment, but the Remuneration Committee would not expect any or all of these elements of pay to form part of any termination arrangement but has discretion to make payments in respect of them.	
All employee equity participation plans	Directors will be treated in the same manner as any other member of staff in respect of those plans in accordance with the rules of the relevant plan and there is no discretion to apply alternative treatment.	

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- injury or disability;
- redundancy;
- retirement (in agreement with the Company);
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- any reason permitted by the Committee in its absolute discretion in any particular case except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal.

Cessation of employment in circumstances other than those set out above is for other reasons.

Change of control

In the event of a change of control the Remuneration Committee will consider all relevant factors to ensure an equitable result is delivered for all stakeholders. The table below sets out the default position and the Committee's discretionary areas. As above, any discretions described in the table below may be applied in full or in part against all or part of an award as the Committee thinks fit.

Element	Approach	Discretion
Annual Bonus Plan	Default: performance conditions will be measured at the date of the change of control. The bonus will normally be pro-rated to the date of change of control.	The Committee has the discretion to determine whether to pro-rate the bonus to time. The normal approach is that it will pro-rate for time, however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met (or likely to have been met) the Committee will consider whether pro-rating is equitable.
Deferred Stock Plan	For the year of change of control performance conditions will be measured at the date of the change of control. The award will normally be pro-rated to the date of change of control. Subsisting deferred stock awards will vest on a change of control.	The Committee has the discretion to determine whether to pro-rate the DSP award to time for the year of change of control. The normal approach is that it will pro-rate for time, however, in exceptional circumstances where the nature of the transaction produces exceptional value and provided the performance targets are met (or likely to have been met) the Committee will consider whether pro-rating is equitable and also may determine to pay cash in lieu of shares. In respect of subsisting awards the Committee has the discretion to determine whether to pro-rate the DSP award to time. The normal approach is that it will not pro-rate for time. The Committee may determine to pro-rate depending on the circumstances of the change of control.
Long Term Incentive Plan (LTIP)	Normally pro-rated to time and performance in respect of each subsisting LTIP award and the performance testing is undertaken at the normal time. Awards subject to the holding period (i.e. vested awards for years four or five following grant) will normally be released at the end of the holding period. The Committee has discretion to release the shares earlier and will make this determination depending on the type of good leaver reason resulting in the cessation. The Committee may decide to measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation. The Committee may determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will pro-rate awards for time. It is the Committee's intention to use discretion not to pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. The Committee may determine to pay cash in lieu of shares.	Any unvested LTIP awards will normally lapse. Awards subject to the holding period (i.e. vested awards in years four or five following grant) will be released at the end of the holding period. The Committee may determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders. The Committee may determine to pay cash in lieu of shares.

Element	Approach	Discretion
LTIPs	The number of shares subject to subsisting LTIP awards will vest on change of control pro-rated to time and performance.	The Committee has the discretion to determine whether to pro-rate the LTIP award to time and performance. The normal approach is that it will pro-rate, however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met (or likely to have been met) the Committee will consider whether pro-rating is equitable and also may determine to pay cash in lieu of shares.
Restricted Stock Plan	<p>For the year of the change of control The award will normally be pro-rated to the date of the change of control.</p> <p>Subsisting awards The awards will vest on the date of the change of control pro-rated to time and the holding period will not apply.</p>	<p>The Committee has the following element of discretion:</p> <ul style="list-style-type: none"> to determine whether to pro-rate the award to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. <p>The Committee has the following elements of discretion:</p> <ul style="list-style-type: none"> to determine whether the satisfaction of awards should be in cash or shares or a combination of both; to determine whether to pro-rate awards on change of control. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the change of control.

Employment conditions elsewhere in the Company

In determining remuneration, the Remuneration Committee is mindful of pay and conditions across the Group. Decisions concerning executive directors' pay and benefits are generally in line with the practices and framework across the Group. The Committee is briefed by the Group Chief Executive and the HR Director on the overall pay and benefits framework for the Group and on changes made.

Employees' views

Employees have not been consulted on the directors' Remuneration Policy but are free to ask any questions they wish and to offer any opinions they have through our employee communications channels. Employees who are also shareholders are able to vote on the directors' Remuneration Policy and Report.

Shareholders' views

The Remuneration Committee supported by relevant executives actively engages with major institutional shareholders on a regular basis and welcomes the views of shareholders on the Group's Remuneration Policy. The Remuneration Committee consulted with shareholders from November 2020 to date. In finalising the proposals, the views of the largest shareholders were taken into account.

Additional disclosures

Group results and dividends

The results for the year ended 31 December 2020 are shown in the Consolidated Statement of Comprehensive Income on page 119.

The directors are not recommending a final ordinary share dividend for 2020. There was no final dividend in respect of 2019 or interim dividend within 2020. In 2019 there was an interim dividend of 4.2¢.

Acquisitions and disposals

Acquisitions and disposals in the year are described in notes 25 and 26 to the Consolidated Financial Statements.

Events after the balance sheet date

These matters are set out below and also in note 29.

On 5 February 2021 the Group announced that the Directors of the Group recommended to shareholders the acceptance of a formal Rule 2.7 cash offer from Brown Bidco Limited (a newly formed company to be indirectly owned by joint offerors (i) Blackstone Infrastructure and Blackstone Core Equity, (ii) Global Infrastructure Partners and (iii) Cascade). This offer is subject to shareholder, regulatory and other approvals.

On 17 February 2021 the sale of the Engine Repair and Overhaul (ERO) business to StandardAero, a portfolio company of the Carlyle Group, was announced. The gross consideration is \$230 million subject to customary adjustments for net debt, net working capital and transaction expenses.

In relation to the EU State Aid investigation that concluded the UK's Controlled Foreign Company regime partially represented State Aid and the UK authorities' subsequent appeal of this decision, on 23 February 2021, management received confirmation from HMRC that the Group has not been a beneficiary of State Aid.

Board of directors

The current directors of the Company at the date of this report appear on pages 66 and 67. All directors held office throughout the financial year under review.

Directors' interests in shares

Directors' interests in shares and share options are contained in the Directors' Remuneration Report.

Directors' indemnities

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.

Where such deeds are for the benefit of directors, they are qualifying third party indemnity provisions as defined by section 234 of the Companies Act.

At the date of this report, these indemnities are therefore in force for the benefit of all the current directors of the Company and other members of senior management.

On 1 November 2007, a subsidiary of the Company, BBA Aviation Finance, entered into qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006 in favour of its directors, under which each director is indemnified 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 and such provisions remain in force as at the date of this report.

Employee information

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

All companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee or applicant for employment on the basis of race, religious belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation, marital status or other legally protected characteristic. This includes giving full and fair consideration to suitable applications for employment from qualified individuals with a disability and making reasonable accommodations so that if individuals become disabled they can continue to be employed, wherever practicable, in the same job or, if this is not practicable, making every effort to assist the individual to find suitable alternative employment.

Agreements

Under section 992 of the Companies Act 2006, the Company discloses that in the event of a change of control in the Company: (i) the Company's commitments under its \$400 million revolving credit facility dated 26 March 2018 (as amended), its \$500 million 5.375% senior notes due 2026 and its \$650 million 4.000% senior notes due 2028 could become repayable; (ii) the \$18.6m promissory notes under the US CARES Act funding due 2030 could become repayable; (iii) Engine Lease Agreement dated 29 June 2009 (as amended) under which \$10.3 million of aircraft engines have been leased to the Engine Repair & Overhaul (ERO) business could be terminated; (iv) the consent of NetJets would be required for the transfer of the benefits under its contract with Signature Flight Support; (v) the operating licence with London Luton Airport Operations may be terminable; and (vi) certain licence agreements within the ERO business are terminable or require the consent of the counterparty but none of these contracts in their own right are significant to the Group.

Future developments

The Strategic Report discusses future developments of the Group's businesses.

Suppliers' payment policy

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.

Share capital

Details of the Company's share capital and changes to the share capital are shown in note 21 to the Consolidated Financial Statements. That note also contains a summary of the rights attaching to each class of shares and details of the number of ordinary shares held in the employee benefit trust. Awards granted under the Company's share plans are satisfied either by shares held in the employee benefit trust or by the issue of new shares when awards vest. The Remuneration Committee monitors the number of awards made under the various share plans and their potential impact on the relevant dilution limits recommended by the Investment Association. There is a 5% limit in respect of discretionary plans and a 10% limit in respect of all plans.

Based on the Company's issued share capital as at 31 December 2020 the Company has used 2.2% towards the 5% limit and 2.5% towards the 10% limit.

The Company was given authority to purchase up to 14.99% of its existing ordinary share capital at the 2020 General Meeting. That authority will expire at the conclusion of the AGM in 2021 unless renewed. Accordingly, a special resolution to renew the authority will be proposed at the forthcoming AGM.

The existing authority for directors to allot ordinary shares will expire at the conclusion of the 2021 AGM. Accordingly, an ordinary resolution to renew this authority will be proposed at the forthcoming AGM.

In addition, it will be proposed to give the directors further authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders. This is in line with guidance issued by the Investment Association. If the directors were to use such further authority in the year following the 2021 AGM, all directors wishing to remain in office would stand for re-election at the 2022 AGM.

Details of these resolutions are included within the Notice of AGM.

Resolutions at the Annual General Meeting

The Company's AGM will be held later in the year. The Notice of AGM will set out the resolutions to be considered and approved at the meeting together with some explanatory notes. The resolutions cover such routine matters as the renewal of authority to allot shares (referred to earlier), to disapply pre-emption rights and to purchase own shares.

Substantial shareholdings

The Company has been notified of the following material interests in the voting rights of the Company under the provisions of the Disclosure and Transparency Rules:

	As at 31/12/20	As at 1/3/21
William H Gates III	19.16%	19.16%
APG Asset Management NV	10.02%	10.02%
NNS UK Investment Sarl	7.07%	7.07%
BlackRock, Inc.	5.43%	5.44%

Charitable and political donations

Group donations to charities worldwide were \$309,721 (2019: \$896,946). No donations were made to any political party in either year.

Auditor

As required by section 418 of the Companies Act 2006, each of the directors, at the date of the approval of this report, confirms that:

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

Words and phrases used in this confirmation should be interpreted in accordance with section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the AGM.

Greenhouse gas emissions

The greenhouse gas emissions are disclosed on page 46.

Financial risk management

Financial risk management is discussed on pages 50 to 54.

The Directors' Report was approved by the Board on 1 March 2021 and signed on its behalf by:



David Blizzard,
Company Secretary

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the 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 are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under company law the directors must not approve the accounts 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 parent company financial statements, the directors are required to:

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

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

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

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

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

Responsibility statement

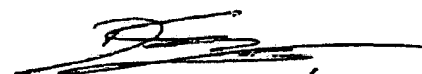
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 1 March 2021 and is signed on its behalf by:



Mark Johnstone,
Group Chief Executive Officer
1 March 2021



David Crook,
Group Finance Director
1 March 2021

Independent Auditor's Report

To the members of Signature Aviation plc

Opinion

In our opinion:

- the financial statements of Signature Aviation plc (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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Cash Flow Statement;
- the Accounting Policies of the Group and Parent Company;
- the related Group notes 1 to 30; and
- the related Parent Company notes 1 to 15.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 as applied to listed public interest entities, and requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 2 to the financial statements.

We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

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

Material uncertainty related to going concern

We draw attention to the Accounting Policies of the Group in the financial statements, which indicates as a result of the potential change in control the Directors have concluded that it is beyond their control to dictate or confirm the actions of the prospective purchasers after they acquire the Group. On this basis the Directors have identified a material uncertainty 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 opinion is not modified in respect of this matter.

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.

Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessment of the financing facilities available to the Group including nature of facilities, repayment terms and covenants;
- assessment of the assumptions used in the forecasts, including the forecast trading performance and the historical Covid-19 impact on trading;
- consideration of the amount of headroom in the forecasts (cash and covenants);
- assessment of the sensitivity analysis, challenge the reasonability of management's "worst case scenario" and critically assessed any mitigations proposed;
- assessment of the impact of share offer on the going concern assumption and management's conclusion that this gives rise to a material uncertainty related to going concern; and
- review of the disclosures related to going concern in the financial statements.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the Group and Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

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

Summary of our audit approach	
Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Going concern (see material uncertainty related to going concern section); • Valuation of the Engine Repair and Overhaul (ERO) business which is held for sale; and • Revenue recognition relating to manual adjustments posted to Signature revenue. <p>Within this report, key audit matters are identified as follows: ① Newly identified ② Similar level of risk.</p>
Materiality	The materiality that we used for the Group financial statements was \$6.5 million which was determined with reference to both profit before tax and underlying profit before tax.
Scoping	88% (2019: 88%) of revenue and 89% (2019: 89%) of total assets was subject to full audit or specific audit procedures, with the remainder covered by central review procedures.
Significant changes in our approach	<p>Due to the material uncertainty associated with the going concern assumption, this has been identified as a new key audit matter. We no longer report on the following as key audit matters: the accounting for the Ontic disposal; completeness and accuracy of IFRS 16 'Leases' disclosures; and tax contingent liabilities and provisioning relating to EU state aid and transfer pricing risk. This is because of events during the year, which reduced the level of management judgement in respect of the other matters.</p>
Key audit matters	
<p>Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.</p> <p>These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.</p>	
Valuation of the ERO business which is held for sale ②	
Key audit matter description ①	<p>The ERO business has been held for sale since July 2018. At the balance sheet date, negotiations for the sale of the business were ongoing, with the disposal announced on 17 February 2021. As shown in the accounting policies and note 26, as the business is held for sale, it must be held at the lower of carrying value and fair value less costs to sell. Determining the fair value less costs to sell of the business requires management judgement, and therefore we identified a key audit matter relating to the classification as 'held for sale' and the calculation of the carrying value at the balance sheet date.</p> <p>In calculating the fair value less costs to sell, management judgement is required in particular around the estimated sales price, disposal costs and the level of the change of control fees that are payable to original equipment manufacturers on the sale of the business.</p> <p>The ERO business was held at a value of \$143.3m at year-end (2019: \$177.6m). An impairment of \$41.7m has been recognised during the year against the ERO business.</p> <p>The sale has also been disclosed in the Strategic report on page 26.</p>
How the scope of our audit responded to the key audit matter ③	<p>Our audit procedures included challenging the key management judgements around the valuation of the ERO held for sale business, including consideration as to the appropriateness of the classification at the balance sheet date given the extended period for which ERO has been held for sale. Specifically:</p> <ul style="list-style-type: none"> • we obtained an understanding of relevant controls management has put in place over the calculating the fair value less costs to sell of the ERO business; • we verified the mechanical accuracy of the fair value less costs to sell calculation; • we agreed a sample of inputs into the fair value less costs to sell calculation to supporting evidence; • we challenged the key assumptions and judgements made by management in the calculation of the fair value less costs to sell of the business, by obtaining and reviewing signed agreements, including the sale purchase agreement, and other relevant correspondence, in particular regarding the change of control fee; and • we assessed the appropriateness of the disclosures relating to the resulting impairment charge recognised.
Key observations ④	The valuation of the ERO held for sale business is appropriate and the impairment recognised during the year is reasonable.

Revenue recognition relating to manual adjustments posted to Signature revenue ⓘ		
<div>Key audit matter description</div> <div>📖</div>	<p>As detailed within the Accounting Policies of the Group and note 1, revenue relating to the Signature Flight Support business is recognised at the fair value of the consideration receivable. The total value of revenue within the Signature Flight Support business was \$1,414 million (2019: \$2,261 million) and represents approximately 74% (2019: 75%) of total revenue and 100% of revenue from continuing operations. Furthermore, given the ongoing disruption due to Covid-19, we concluded that these adjustments are a key audit matter.</p> <p>Based on our detailed risk assessment, we identified a key audit matter related to the risk of misstatement, whether due to error or fraud, in manual adjustments made to revenue.</p> <p>Since Flight Support revenue consists of high volume, low-value, non-complex transactions we have focussed our work on manual adjustments made to Flight Support revenue, which could be an area subject to management manipulation and an area where controls could be overridden.</p>	
<div>How the scope of our audit responded to the key audit matter</div> <div>☰</div>	<p>Our audit procedures included challenging the rationale for significant manual adjustments to revenue. Specifically:</p> <ul style="list-style-type: none">• we obtained an understanding of relevant controls over the posting of revenue adjustments;• we risk assessed the revenue manual adjustments to revenue using data analytics tools to identify and profile adjustments which we then selected for testing;• we tested manual adjustments posted to revenue in the period we deemed of audit interest, and compared these to relevant documentation; and• we performed analytical procedures on the revenue balance to identify any unusual fluctuations or trends which could be indicative of the posting of inappropriate adjustments.	
<div>Key observations</div> <div>📖</div>	<p>We did not identify any evidence of inappropriate or fraudulent journals being posted in the revenue ledgers.</p>	
<div>Our application of materiality</div> <p>We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:</p>		
	<div>Group financial statements</div>	<div>Parent Company financial statements</div>
<div>Materiality</div>	<div>\$6.5 million (2019: \$10.0 million)</div>	<div>\$5.4 million (2019: \$9.0 million)</div>
<div>Basis for determining materiality</div>	<div>Materiality represents approximately 2.5% of pre-IFRS 16 EBITDA, as disclosed in note 30. In the prior year materiality was determined with reference to profit before tax and underlying profit.</div>	<div>Materiality represents less than 1% (2019: less than 1%) of net assets.</div>
<div>Rationale for the benchmark applied</div>	<div>Pre-IFRS 16 EBITDA, profit before tax and underlying profit before tax are considered to be key performance metrics of the business.</div> <div>Materiality of \$6.5 million represents approximately 2.5% of pre-IFRS 16 EBITDA (2019: 2.4%). In the prior year, materiality represented 3.4% of underlying profit before tax and 1.1% of profit before tax.</div> <div>The decrease in materiality is a result of a decrease in the performance of the business.</div> <div>Given the deterioration of profit before tax and underlying profit due to the impact of COVID-19 on the business, and is aligned to the group's debt covenants, we determined that pre-IFRS 16 EBITDA was appropriate as this represents the most stable and comparable measure.</div>	<div>The Parent Company is a holding company and does not contain any operations. As such we deemed net assets as an appropriate benchmark when determining materiality.</div>

Performance materiality		
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.		
	Group financial statements	Parent Company financial statements
Performance materiality	65% of group materiality (2019: 70%)	65% of parent company materiality (2019: 70%)
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none">• our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes;• the impact of Covid-19 on the trading performance of business; and• our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	
Clearly trivial threshold		
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$325,000 (2019: \$500,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.		
An overview of the scope of our audit		
<p>The group has a head office function in the UK and operations in North America, South America, Africa, Asia and Europe. The majority of the group's operations (based on revenue) are in the US. Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment we focused our group audit scope on six (2019: eight) components.</p> <ul style="list-style-type: none">• Consistent with 2019 full audit procedures were completed on the Signature Flight Support US business.• One (2019: four) further location was subject to a full scope audit in accordance with statutory reporting requirements in the UK and USA.• Four (2019: three) were subject to specific audit procedures, focused on the significant audit risk areas. <p>These six (2019: eight) components represent the principal operating locations of the Group and account for approximately 88% (2019: 88%) of revenue and 89% (2019: 89%) of the Group's total assets.</p> <p>Audits of these locations are performed at materiality levels determined by reference to a proportion of group materiality appropriate to the relative scale of the business concerned. Materiality for each location was set no higher than 95% (2019: 95%) of group materiality, spanning the range \$1.7 million-\$4.0 million (2019: \$4.0 million-\$9.5 million).</p> <p>At the Parent Company level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.</p> <p>Due to the global impact of COVID-19 and the restrictions on travel, the group audit team did not follow a programme of planned visits to locations where the group audit scope was focused (2019: four out of eight). The group audit team frequently engaged with the component teams, to update their understanding of the operations, risks and control environments of each component. The review audit working papers were completed remotely and senior members of the group audit team attended key meetings with local management remotely.</p> <p>We elected not to rely on IT controls as part of our audit and we did not rely on controls in our work, and instead performed a fully substantive audit for all components. The Parent Company is located in the United Kingdom and audited directly by the group audit team.</p>		
Other information		
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.		We have nothing to report in this regard.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.		
If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.		

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board on 25 February 2021;
- results of our enquiries of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: manual adjustments to Signature revenue and presentation of earnings for alternative performance measures, including CAREs Act disclosures. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, CAREs Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements, e.g. aviation industry regulatory requirements, but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified manual adjustments to Signature revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing and challenging the calculation of the alternative performance measures reported by the Group including the treatment of any government grants, both on the appropriateness of net presentation and inclusion in underlying profit before tax. We performed this by recalculating the alternative performance measures and comparing the Group's practice to its immediate peer group;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements	
Opinions on other matters prescribed by the Companies Act 2006	
In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.	
In our opinion, based on the work undertaken in the course of the audit:	
<ul style="list-style-type: none"> 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.	
Corporate Governance Statement	
The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.	
Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:	
<ul style="list-style-type: none"> the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 61; the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 63; the directors' statement on fair, balanced and understandable set out on pages 77 and 111; the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 75 to 77; the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 75 to 77; and the section describing the work of the audit committee set out on page 73. 	
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	
Under the Companies Act 2006 we are required to report to you if, in our opinion:	We have nothing to report in respect of these matters.
<ul style="list-style-type: none"> we have not received all the information and explanations we require for our audit; or 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 	
Directors' remuneration	
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
Other matters which we are required to address	
Auditor tenure	
Following the recommendation of the Audit and Risk Committee, we were appointed by the Board on 1 August 2002 to audit the financial statements for the year ending 31 December 2002 and subsequent financial periods. Following a competitive tender process, we were reappointed as auditor for the period ending 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 31 December 2002 to 31 December 2020.	
Consistency of the audit report with the additional report to the Audit and Risk Committee	
Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).	
Use of our report	
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.	

Andrew Bond, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
1 March 2021

Consolidated Income Statement

Financial statements		2020					2019	
			Exceptional and other items ²	Total	Underlying ¹	Exceptional and other items ²	Total	
118 Consolidated Income Statement	For the year ended 31 December	Notes	Underlying ¹ \$m	\$m	\$m	\$m	\$m	
119 Consolidated Statement of Comprehensive Income	Continuing operations							
120 Consolidated Balance Sheet	Revenue	1	1,413.9	–	1,413.9	2,260.5	–	
121 Consolidated Cash Flow Statement	Cost of sales		(1,103.3)	–	(1,103.3)	(1,807.6)	–	
122 Consolidated Statement of Changes in Equity	Gross profit		310.6	–	310.6	452.9	–	
123 Accounting Policies of the Group	Distribution costs		(4.6)	–	(4.6)	(11.9)	–	
	Administrative expenses		(115.3)	(73.7)	(189.0)	(127.8)	(73.8)	
134 Notes to the Consolidated Financial Statements	Other operating income		1.0	–	1.0	6.2	–	
	Share of profit of associates and joint ventures	11	4.0	–	4.0	4.1	–	
197 Company Balance Sheet	Other operating expenses		(2.9)	(5.9)	(8.8)	(2.7)	(36.5)	
198 Company Statement of Changes in Equity	Restructuring costs	2	–	(8.6)	(8.6)	–	(5.6)	
199 Accounting Policies of the Company	Operating profit/(loss)		192.8	(88.2)	104.6	320.8	(115.9)	
203 Notes to the Company Financial Statements	Impairment of assets	9, 10, 11	–	(4.6)	(4.6)	–	(12.5)	
	Gain on disposal of business		–	2.0	2.0	–	–	
210 Subsidiaries and Related Undertakings	Transaction costs		–	(2.8)	(2.8)	–	–	
218 Five Year Summary	Investment income	3	2.2	–	2.2	3.7	7.5	
219 Shareholder Information	Finance costs	3	(125.6)	–	(125.6)	(147.3)	(32.9)	
	Profit/(loss) before tax		69.4	(93.6)	(24.2)	177.2	(153.8)	
	Tax (charge)/credit	4	(18.7)	23.9	5.2	(12.1)	29.7	
	Profit/(loss) from continuing operations		50.7	(69.7)	(19.0)	165.1	(124.1)	
	Discontinued operations							
	Profit/(loss) from ERO discontinued operations, net of tax	26	36.3	(36.1)	0.2	40.0	(104.2)	
	Profit from Ontic discontinued operations, net of tax	26	–	9.3	9.3	54.4	628.3	
	Profit/(loss) for the year		87.0	(96.5)	(9.5)	259.5	400.0	
	Attributable to:							
	Equity holders of Signature Aviation plc		86.9	(96.5)	(9.6)	259.1	400.0	
	Non-controlling interest		0.1	–	0.1	0.4	–	
			87.0	(96.5)	(9.5)	259.5	400.0	
	Earnings per share		Adjusted ¹	Unadjusted	Adjusted ¹	Unadjusted		
	Total Group							
	Basic	6	10.5¢	(1.2)¢	25.6¢	65.2¢		
	Diluted	6	10.4¢	(1.2)¢	25.4¢	64.7¢		
	Continuing operations							
	Basic	6	6.1¢	(2.3)¢	16.3¢	4.0¢		
	Diluted	6	6.1¢	(2.3)¢	16.2¢	4.0¢		
	Discontinued operations							
	Basic	26	4.4¢	1.1¢	9.3¢	61.2¢		
	Diluted	26	4.3¢	1.1¢	9.2¢	60.7¢		

1 Underlying profit and adjusted earnings per share are stated before exceptional and other items and include the impact of IFRS 16 which was adopted on 1 January 2019.
2 Exceptional and other items are defined in note 2. All Alternative Performance Measures are reconciled to IFRS measures and explained in note 30.

Consolidated Statement of Comprehensive Income

For the year ended 31 December	Notes	2020 \$m	2019 \$m
(Loss)/profit for the year		(9.5)	659.5
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit pension schemes (restated ¹)	19	(66.4)	(8.3)
Fair value movements in assets classified as financial instruments through other comprehensive income	13, 21	–	(3.3)
Tax credit/(charge) relating to components of other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss (restated ¹)	4	6.6	(0.9)
		(59.8)	(12.5)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations (restated ¹)	21	7.8	3.8
Recycling of translational exchange differences accumulated in equity upon disposal of subsidiary	21	–	24.2
Fair value movements in foreign exchange cash flow hedges	17, 21	0.1	2.3
Transfer to profit or loss from other comprehensive income on foreign exchange cash flow hedges	17, 21	0.2	(0.6)
Fair value movement in interest rate cash flow hedges	17, 21	–	(2.4)
Transfer to profit or loss from other comprehensive income on interest rate cash flow hedges	17, 21	–	(2.2)
Tax (charge)/credit relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	4	(1.3)	1.3
		6.8	26.4
Other comprehensive (loss)/income		(53.0)	13.9
Total comprehensive (loss)/income for the year		(62.5)	673.4
Attributable to:			
Equity holders of Signature Aviation plc		(62.6)	673.0
Non-controlling interests		0.1	0.4
		(62.5)	673.4

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19.

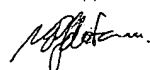
Consolidated Balance Sheet

Financial statements			2020	2019
		Notes	\$m	\$m
118 Consolidated Income Statement	As at 31 December			
119 Consolidated Statement of Comprehensive Income	Non-current assets			
	Goodwill	8	1,124.0	1,111.1
	Other intangible assets	8	924.6	966.1
120 Consolidated Balance Sheet	Property, plant and equipment	9	732.1	749.4
	Right of use assets	10	1,027.3	1,099.5
121 Consolidated Cash Flow Statement	Interests in associates and joint ventures	11	26.1	41.9
	Pension and other post-retirement benefits (restated ¹)	19	–	11.7
122 Consolidated Statement of Changes in Equity	Trade and other receivables	13	88.1	45.8
	Deferred tax asset (restated ¹)	20	15.4	0.7
123 Accounting Policies of the Group			3,937.6	4,026.2
134 Notes to the Consolidated Financial Statements	Current assets			
	Inventories	12	35.2	44.0
	Trade and other receivables	13	146.6	205.4
197 Company Balance Sheet	Cash and cash equivalents	13	168.0	113.2
	Tax recoverable		0.5	1.2
198 Company Statement of Changes in Equity	Assets held for sale	26	299.5	358.1
			649.8	721.9
199 Accounting Policies of the Company	Total assets		4,587.4	4,748.1
203 Notes to the Company Financial Statements	Current liabilities			
	Trade and other payables	14	(265.2)	(354.6)
210 Subsidiaries and Related Undertakings	Tax liabilities		(21.0)	(108.7)
	Lease liabilities	15	(50.9)	(53.0)
218 Five Year Summary	Provisions	18	(26.6)	(17.5)
219 Shareholder Information	Liabilities held for sale	26	(156.2)	(180.5)
			(519.9)	(714.3)
	Net current assets		129.9	7.6
	Non-current liabilities			
	Borrowings	16	(1,208.1)	(1,141.0)
	Lease liabilities	15	(1,092.9)	(1,128.8)
	Trade and other payables due after one year	14	–	(3.9)
	Pensions and other post-retirement benefits (restated ¹)	19	(52.3)	–
	Deferred tax liabilities	20	(96.8)	(82.4)
	Provisions	18	(27.3)	(30.3)
			(2,477.4)	(2,386.4)
	Total liabilities		(2,997.3)	(3,100.7)
	Net assets		1,590.1	1,647.4
	Equity			
	Share capital	21	510.6	510.1
	Share premium account	21	1,594.5	1,594.5
	Other reserve	21	(10.5)	(10.5)
	Treasury reserve	21	(96.7)	(95.7)
	Capital reserve	21	54.7	56.6
	Hedging and translation reserves (restated ¹)	21	(72.5)	(80.6)
	Retained earnings (restated ¹)	21	(391.4)	(329.4)
	Equity attributable to equity holders of Signature Aviation plc		1,588.7	1,645.0
	Non-controlling interest		1.4	2.4
	Total equity		1,590.1	1,647.4

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19.

These financial statements were approved by the Board of Directors on 1 March 2021 and signed on its behalf by:

Mark Johnstone,
Group Chief Executive



David Crook,
Group Finance Director



Consolidated Cash Flow Statement

For the year ended 31 December	Notes	2020 \$m	2019 \$m
Operating activities			
Net cash flow from operating activities	23	306.3	467.0
Investing activities			
Interest received		0.8	4.4
Interest received on sublease assets		1.6	1.8
Receipt of capital element of sublease assets		2.8	2.7
Dividends received from joint ventures and associates	11	2.7	3.2
Purchase of property, plant and equipment		(70.0)	(68.4)
Purchase of intangible assets ¹		(14.3)	(12.2)
Proceeds from disposal of property, plant and equipment		0.3	5.1
Acquisition of businesses, net of cash acquired	25	(20.4)	(65.3)
Proceeds from disposal of subsidiaries and associates, net of cash disposed		14.1	1,224.3
Net cash (outflow)/inflow from investing activities		(82.4)	1,095.6
Financing activities			
Interest paid		(50.0)	(71.5)
Interest paid on lease liabilities		(77.0)	(76.4)
USPP make-whole, net		–	(25.5)
Dividends paid	5	–	(980.9)
Outflows from realised foreign exchange contracts		(1.6)	(8.5)
Proceeds from issue of ordinary shares net of issue costs		0.5	0.8
Purchase of own shares ²		(2.3)	(4.9)
Increase/(decrease) in loans	24	17.7	(313.3)
Payments of lease liabilities		(60.1)	(71.0)
Decrease in overdrafts	24	–	(1.5)
Net cash outflow from financing activities		(172.8)	(1,552.7)
Increase in cash and cash equivalents		51.1	9.9
Cash and cash equivalents at beginning of year		122.4	111.3
Exchange adjustments on cash and cash equivalents		(2.4)	1.2
Cash and cash equivalents at end of year	13	171.1	122.4
Comprised of:			
Cash and cash equivalents at end of the year	13	168.0	113.2
Cash included in Assets held for sale at end of the year	26	3.1	9.2

¹ Purchase of intangible assets includes \$nil million (2019: \$1.1 million) paid in relation to Ontic licences and \$nil million paid in relation to ERO discontinued operations (2019: \$5.3 million) not accounted for as acquisitions under IFRS 3.

² 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.

Financial statements

1 The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19. The impact of the restatement was a credit to other comprehensive income of \$39.7 million and \$1.6 million in retained earnings and other reserves respectively.

Accounting Policies of the Group

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU 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 EU-endorsed amendments to existing standards and interpretations were effective for annual periods beginning on or after 1 January 2020 and have been applied in preparing the Consolidated Financial Statements of the Group. Other than that which is mentioned below, there is no impact on the Group Consolidated Financial Statements from applying these standards.

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

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

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

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

Financial instruments

In August 2020, the IASB issued Phase II of the 'Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7' which complement the Phase I amendments published in September 2019.

The Phase I amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

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.

The application of the amendments impacts the Group's accounting in relation to a proportion of US dollar denominated fixed rate debt which is fair value hedged using US dollar fixed to US dollar LIBOR interest rate swaps. The Group has in the past undertaken and may in the future also undertake, cash flow interest rate hedges as part of its interest rate risk management policy which may also expose the Group to US dollar LIBOR interest rates.

The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, US dollar LIBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

The Group chose to early-adopt the Phase I amendments to IFRS 9 for the year ending 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. The Phase II amendments are effective for annual periods beginning on or after 1 January 2021 with early adoption permitted. We have not chosen to early adopt the Phase II amendments given that we have not reformed or replaced any existing interest benchmarks within the Group's financial instruments.

Financial reporting standards applicable for future financial periods

Certain new EU-endorsed standards and amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2021. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

Accounting Policies of the Group – continued**Financial statements**

118 Consolidated Income Statement	Basis of consolidation The Group financial statements incorporate the financial statements of the Company, Signature Aviation plc, and its subsidiary undertakings under the acquisition method of accounting.
119 Consolidated Statement of Comprehensive Income	
120 Consolidated Balance Sheet	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:
121 Consolidated Cash Flow Statement	<ul style="list-style-type: none"> • has the power over the investee;
122 Consolidated Statement of Changes in Equity	<ul style="list-style-type: none"> • 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.
123 Accounting Policies of the Group	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.
134 Notes to the Consolidated Financial Statements	All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.
197 Company Balance Sheet	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.
198 Company Statement of Changes in Equity	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.
199 Accounting Policies of the Company	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, as well as their recommendation to shareholders to accept a formal Rule 2.7 cash offer from Brown Bidco Limited (the "Transaction"). These are each discussed in detail below.
203 Notes to the Company Financial Statements	The Group's committed bank facilities comprise a \$400 million multicurrency revolving credit facility (RCF) dated 26 March 2018 due to expire in March 2025, \$500 million senior unsecured notes due 2026 and \$650 million senior unsecured notes due March 2028.
210 Subsidiaries and Related Undertakings	
218 Five Year Summary	
219 Shareholder Information	

In total, the Group has debt obligations and facilities of \$1,550 million and, as at 31 December 2020, the Group has available \$400 million of undrawn committed borrowing facilities. These debt obligations and facilities are subject to cross default. Further details relating to these debt arrangements are provided in note 16 to the Consolidated Financial Statements.

The bank facilities are subject to two main financial covenants: maximum net debt to underlying EBITDA of 4.25x; and minimum net interest cover of 3.0x underlying EBITDA which are both tested on a pre-IFRS16 basis. In July 2020 the Group took the precautionary measure of agreeing a covenant waiver for the testing periods ending 31 December 2020 and 30 June 2021 with our Group of relationship banks for our \$400 million unsecured RCF expiring March 2025. As part of the agreement to waive the Group's banking covenants a minimum liquidity threshold has been agreed (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF facility be drawn at these additional dates. These financial covenants are only related to the Group's RCF facility, the unsecured US bonds do not contain any financial covenants. The directors expect the Group to comply with these covenants for the foreseeable future.

The Group's forecasts and projections taking account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities for the foreseeable future. In assessing this the Directors have considered the uncertain economic outlook, including any future impact of the Covid-19 pandemic, and the impact this could have on trading performance. The principal risks and uncertainties affecting the forecasts and projections, to which the Group is exposed, relate to the number of hours of flying activity, principally in business and general aviation, but also to a lesser extent in commercial and military aviation. Flying hours largely dictate the drivers of revenue, namely fuel volumes in Signature and engine overhaul cycles in ERO. On 17 February 2021 the Group announced that an agreement had been reached with Standard Aero on the terms of the sale of the Engine Repair and Overhaul (ERO) business with expected legal completion later in 2021. Further details of these risks and uncertainties are provided on pages 52 to 54.

The directors have carried out a critical review of the Group's 2021 budget and medium-term plans with due regard for the ongoing impact of Covid-19 and wider risks and uncertainties to which the Group is exposed and the impact that these could have on trading performance. Given the global political and economic uncertainty resulting from the Covid-19 pandemic, in spite of this uncertainty the Group has been able to reforecast with reasonable accuracy to date throughout the Covid-19 pandemic. The impact of risks and uncertainties and the mitigating actions available to the Group are further outlined in the following viability assessment.

The key assumptions used in constructing the budget were as follows:

- In Signature we anticipate continued recovery from the impact of the Covid-19 pandemic in Signature and EPIC, with the business continuing to outperform the B&GA market at the airports from which we operate and well placed to return to outperformance against the overall US B&GA market as the North East (NE), business travel and international traffic recover over 2021 and 2022.
- ERO is forecast to continue to deliver robust performance in a competitive market and pricing environment in spite of the Covid-19 pandemic. The sale of ERO is expected to legally complete later in 2021 and is expected to have a beneficial impact on the Group's covenants for December 2021.

The Directors' assessment of going concern was carried out against a base case forecast for the continuing recovery in B&GA flight activity during 2021 and continuing throughout 2022.

A reasonable worst case scenario was also assessed compared with the base case which reflected a return to the significant reductions in B&GA flight activity that could arise from a further requirement for lockdown measures in the Group's core markets. Together with unfavourable tax legislation driving increased effective tax rates, increased cash tax liabilities and increased cost of debt. If no actions were taken, the combined impact of this scenario results in a breach of the Group's net debt to EBITDA covenant at December 2021. Under the reasonable worst case the Group maintains liquidity throughout the assessment period.

If such a scenario were to occur, the Group would take mitigating actions including reducing discretionary capital expenditure, suspending inflationary pay increases and crystallising favourable interest rate swaps. The Group would not breach any financial covenants in this downside scenario as a result of taking these mitigating actions.

If a more severe scenario arose, which is considered remote, there are further unmodelled mitigating actions available to the Group including reduction of discretionary travel expenses, entertainment spend and professional fees as well as further hours and pay reductions. Additionally, the legal completion of the ERO sale is expected to have a beneficial impact on the Group's covenants during the Going Concern assessment period.

On 5 February 2021 the Group announced that the Directors of the Group recommended to shareholders the acceptance of a formal Rule 2.7 cash offer from Brown Bidco Limited (the "Transaction") (a newly formed company to be indirectly owned by joint offerors (i) Blackstone Infrastructure and Blackstone Core Equity, (ii) Global Infrastructure Partners and (iii) Cascade). This offer is subject to shareholder, regulatory and other approvals. Bidco's investors have stated within the Rule 2.7 offer that they believe that the development of the Group will be best served as a private company. The Transaction will result in a change of control which may impact contracts including existing financing agreements including our RCF and our 2018 and 2019 unsecured US senior notes.

The Directors have concluded that it is beyond their control to dictate or confirm the actions of the prospective purchasers after they acquire the Group. Therefore, given the potential change in control, the directors consider these conditions to constitute a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding this uncertainty, having assessed the Group's risks, existing financing and performance the Directors have concluded that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business combinations

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

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

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

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

Accounting Policies of the Group – continued**Financial statements**

118 Consolidated Income Statement	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.	The Group applied the modified-retrospective transition method approach, whereby on the date of transition the right of use assets are measured at an amount equal to the lease liability. A one-off transitional impact on reserves on 1 January 2019 was recorded as a result of recognising finance lease subcontracts under the standard. The impact on reserves is set out in the condensed Consolidated Statement of Changes in Equity.
119 Consolidated Statement of Comprehensive Income	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.	The Group's weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019 was 6.7%.
120 Consolidated Balance Sheet		
121 Consolidated Cash Flow Statement		
122 Consolidated Statement of Changes in Equity		
123 Accounting Policies of the Group	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.	Practical expedients adopted on transition On initial adoption, the Group elected to use the following practical expedients permitted under the standard:
134 Notes to the Consolidated Financial Statements		<ul style="list-style-type: none"> • The application of a single discount rate to a portfolio of leases with reasonably similar characteristics • IFRS 16 has been applied to contracts that were previously classified as leases under IAS 17 and IFRIC 4 • Right of use assets have been adjusted by the carrying amount of onerous lease provisions at 31 December 2018 instead of performing impairment reviews under IAS 36
197 Company Balance Sheet	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.	Practical expedients also exist to not recognise lease liabilities for short-term or low value leases, however on transition the Group elected not to adopt these expedients.
198 Company Statement of Changes in Equity	Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is recognised in the Income Statement.	Significant judgements applied in the adoption of IFRS 16 included determining an incremental borrowing rate where the rate implicit in a lease could not be readily determined. In general, it is not possible to determine a rate implicit in the Group's leases and so an incremental borrowing rate is applied. The Group elected to adopt the practical expedient permitted under the standard and as such applies a portfolio of rates to leases with similar characteristics. As the majority of the Group's leases relate to either airport FBO property or ground service equipment, the Group looks at a combination of both lease duration and geography characteristics when calculating a rate.
199 Accounting Policies of the Company		
203 Notes to the Company Financial Statements		
210 Subsidiaries and Related Undertakings		
218 Five Year Summary		
219 Shareholder Information		
	<p>The income statements of operations of which the functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the year. The balance sheets of these operations, including associated goodwill, are translated into US dollars at the exchange rates ruling at the balance sheet date. All exchange differences arising on consolidation are recognised initially in other comprehensive income and only in the Income Statement in the period in which the entity is eventually disposed of.</p> <p>All other translation differences are taken to the Income Statement, with the exception of differences on foreign currency borrowing and derivative instruments to the extent that they are used to provide a hedge against the Group's equity investments in overseas operations. These translation differences are recognised in other comprehensive income, together with the exchange difference on the net investment in those operations.</p> <p>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.</p> <p>IFRS 16 Leases The Group adopted IFRS 16 Leases from 1 January 2019. IFRS 16 replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.</p> <p>IFRS 16 requires lessees to account for most contracts under an on-balance sheet model, with the distinction between operating and finance leases removed. In addition, the standard makes changes to the definition of a lease to focus on, amongst other things, which party has the right to direct the use of the asset.</p>	<p>Impact on lessee accounting Former operating leases IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. Applying IFRS 16, the Group now recognises right of use assets and lease liabilities in the Consolidated Balance Sheet, initially measured at the present value of the future lease payments.</p> <p>Lease incentives are recognised as part of the measurement of the right of use asset whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.</p> <p>Under IFRS 16, right of use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.</p> <p>Under IFRS 16 the Group recognises depreciation of right of use assets and interest on lease liabilities in the Consolidated Income Statement, whereas under IAS 17 operating leases previously gave rise to a straight-line expense in the Income Statement.</p>

Under IFRS 16 the Group separates the total amount of cash paid for leases that are on balance sheet into the principal portion (presented within financing activities) and interest in the Consolidated Cash Flow Statement. Under IAS 17 operating lease payments were presented as operating cash outflows. Under both IFRS 16 and IAS 17 there is no difference to net cash flow.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.

Accounting policy for leases

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

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

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

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

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

In general, where extension options exist, the Group recognises these as part of the lease liability as invariably these are exercised.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

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

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

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

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

In addition, on transition, the right of use asset was adjusted for:

- The value of any lease incentives on the Balance Sheet at 31 December 2018.
- The value of any onerous lease provisions on the Balance Sheet at 31 December 2018.

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

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

The right of use assets are presented as a separate line item on the Consolidated Statement of Financial Position, however the categories used in the note 10 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 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

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118 Consolidated Income Statement	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.	Technical service revenue is recognised at a point in time upon satisfaction of the performance obligation in the contract.
119 Consolidated Statement of Comprehensive Income		Additionally, the Group acts as an agent when collecting certain fees from customers on behalf of airport authorities.
120 Consolidated Balance Sheet		Ontic (disposed 31 October 2019) Ontic recognised revenue from the following major income streams:
121 Consolidated Cash Flow Statement	Subleasing The Group has several contracts in place to rent space or assets to third parties, predominantly across its FBO portfolio.	<ul style="list-style-type: none"> • System and sub-system support and maintenance • Repair and overhaul • Engine and part sales
122 Consolidated Statement of Changes in Equity	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.	Ontic revenue is recognised on engine and part sales once all of the performance conditions are met, generally including delivery. The revenue is recognised net of any discounts including an estimate for volume rebates.
123 Accounting Policies of the Group	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.	Engine Repair & Overhaul Engine Repair & Overhaul revenue and associated profit on engine overhauls are recognised over time once the terms of the contract have been agreed with the customer and the ultimate profitability of the contract can be determined with reasonable certainty. The recognition over time is based on hours incurred compared with management's best estimate of the total hours of production as this is the most faithful depiction of the progress of services. Payment is typically received after an engine is shipped. As a result a contract receivable is recognised on the Balance Sheet.
134 Notes to the Consolidated Financial Statements	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.	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.
197 Company Balance Sheet		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.
198 Company Statement of Changes in Equity		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.
199 Accounting Policies of the Company		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.
203 Notes to the Company Financial Statements	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.	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.
210 Subsidiaries and Related Undertakings	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.	Underlying operating profit is the Group's key Alternative Performance Measure and is consistent with the way that financial performance is measured by management and reported to the Board and the Signature Leadership Team, and assists in providing a meaningful analysis of the trading results of the Group. Additionally, exclusion of amortisation of acquired intangibles accounted for under IFRS 3 from the Group's underlying
218 Five Year Summary	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.	
219 Shareholder Information	Signature Signature recognises revenue from the following major income streams:	
	<ul style="list-style-type: none"> • Fuelling • Property management • Ground handling • Technical services 	
	Fuelling revenue is recognised as a sale of goods when all of the performance obligations are completed, typically upon delivery. Property management revenue is recognised over a period of time based on the performance obligations of the contract. Ground handling revenue is recognised as the service is completed.	

results assists with the comparability of the Group's underlying profitability with peer companies.

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

Alternative Performance Measures (APMs)

In the reporting of financial information, the directors have adopted various Alternative Performance Measures (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 30.

Intangible assets

Licences and contracts, other than manufacturing licences within the Ontic business, 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. The Ontic business acquires licences from Original Equipment Manufacturers (OEMs) to become the alternate OEM for that product. The useful life is based on the underlying contract where that is a determinable period. Where the useful life is indeterminable and finite, a lifespan of 20 years is typically used. An annual review is performed to assess the licence's remaining useful life against the vitality of the underlying platform.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is provided on the cost of software and is calculated on a straight-line basis over the useful life of the software.

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

Property, plant and equipment

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

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

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

Finance costs which are directly attributable to the construction of major items of property, plant and equipment are capitalised

as part of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Right of use assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement 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 ERO discontinued operations, the Group does not have any leases that include purchase or transfer options of the underlying asset.

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

At each balance sheet date, the Group reviews the carrying value of its goodwill, intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. The risks specific to the asset are reflected as an adjustment to the future estimated cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

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118 Consolidated Income Statement	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.	<ul style="list-style-type: none"> 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.
119 Consolidated Statement of Comprehensive Income		
120 Consolidated Balance Sheet		
121 Consolidated Cash Flow Statement		
122 Consolidated Statement of Changes in Equity	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.	<p>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.</p> <p>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.</p> <p>The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.</p> <p>The ineffective portion of such gains and losses is recognised immediately within other gains and losses in the Income Statement.</p> <p>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.</p> <p>Changes in the fair value of the foreign exchange contracts which do not qualify for hedge accounting are recognised within operating profit in the Income Statement as they arise.</p> <p>Fair value hedges are undertaken as part of the Group's policy for managing interest rate risk. Changes in value of fair value hedges are immediately recognised within interest in the Income Statement and are offset by changes in fair value of the underlying borrowing. Any ineffectiveness on fair value hedges is recognised immediately in the Income Statement.</p> <p>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.</p>
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	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:	
	<ul style="list-style-type: none"> 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 	
		Other financial instruments Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are accounted for at the trade date.

Cash and cash equivalents

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

Trade and other receivables

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

Financial instruments measured through other comprehensive income (FVTOCI)

Financial instruments measured through other comprehensive income (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 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.

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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.

Warranties

Warranties provisions are recognised when the associated products or services are sold. Provisions are made for the associated costs based on an assessment of future claims made with reference to past experience.

Post-retirement benefits

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

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

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

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

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

Share-based payments

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

Taxation

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

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

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

Examples of activities for which the Group experiences tax uncertainties include but are not limited to transfer pricing under the application of OECD transfer pricing principles and the deductibility of interest payable resulting from the Group's financing arrangements. The Group is monitoring developments in relation to EU State Aid investigation including the EU Commission's announcement on 2 April 2019 that a UK tax scheme unduly exempted certain multinational groups from UK rules targeting tax avoidance through the UK Controlled Foreign Company regime (see note 4).

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

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

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

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

Assets and associated liabilities classified as held for sale

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Management has concluded that for 2020 there are no critical accounting judgements. A key source of estimation uncertainty is referred to within Income Tax (note 4), where a contingent liability has been identified in relation to the European Commission's ongoing State Aid investigation into the UK's Controlled Foreign Company regime. On 23 February 2021 management received confirmation from HMRC that the Group has not been a beneficiary of State Aid.

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

Notes to the Consolidated Financial Statements

Financial statements

118 Consolidated Income Statement	1. Segmental information	Based on the above, the operating segment of the Group identified in accordance with IFRS 8 is Continuing operations, which comprises Signature FBO, TechnicAir and EPIC Fuels. The Discontinued operations segment results show the effect of the ERO business which is held for sale at year end and the Ontic business which was sold in October 2019.				
119 Consolidated Statement of Comprehensive Income	IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Chief Executive to allocate resources to the segments and to assess their performance.					
120 Consolidated Balance Sheet	The Group provides information to the Chief Executive on the basis of components that are substantially similar within the segments in the following aspects:	The businesses within the Continuing operations segment provide refuelling, ground handling, line maintenance and other services to the Business & General Aviation (B&GA) and commercial aviation markets.				
121 Consolidated Cash Flow Statement	<ul style="list-style-type: none"> the nature of the long-term financial performance; 	Sales between segments are immaterial.				
122 Consolidated Statement of Changes in Equity	<ul style="list-style-type: none"> the nature of the products and services; the nature of the production processes; the type of class of customer for the products and services; and the nature of the regulatory environment. 	All Alternative Performance Measures are reconciled to IFRS measures and explained in note 30.				
123 Accounting Policies of the Group						
134 Notes to the Consolidated Financial Statements						
197 Company Balance Sheet	Business segments	Continuing operations ¹	Discontinued operations ⁵	Total	Unallocated corporate ²	Total
198 Company Statement of Changes in Equity	2020	\$m	\$m	\$m	\$m	\$m
199 Accounting Policies of the Company	External revenue					
203 Notes to the Company Financial Statements	External revenue from continuing and discontinued operations	1,413.9	507.4	1,921.3	–	1,921.3
210 Subsidiaries and Related Undertakings	Less external revenue from ERO discontinued operations, note 26	–	(507.4)	(507.4)	–	(507.4)
218 Five Year Summary	External revenue from continuing operations	1,413.9	–	1,413.9	–	1,413.9
219 Shareholder Information	Underlying operating profit					
	Underlying operating profit from continuing and discontinued operations	217.4	37.2	254.6	(13.0)	241.6
	Less underlying operating profit from ERO discontinued operations	–	(48.8)	(48.8)	–	(48.8)
	Adjusted for intergroup charges for ERO discontinued operations ³	–	11.6	11.6	(11.6)	–
	Underlying operating profit/(loss) from continuing operations	217.4	–	217.4	(24.6)	192.8
	Underlying operating margin from continuing operations	15.4%	–	15.4%	–	13.6%
	Exceptional and other items					
	Exceptional and other items from continuing and discontinued operations	(81.4)	(0.9)	(82.3)	(5.9)	(88.2)
	Less exceptional and other items from ERO discontinued operations	–	–	–	–	–
	Exceptional and other items from continuing operations	(81.4)	(0.9)	(82.3)	(5.9)	(88.2)
	Operating profit/(loss) from continuing operations	136.0	(0.9)	135.1	(30.5)	104.6
	Impairment of assets ⁶					(4.6)
	Gain on disposal of business					2.0
	Transaction costs					(2.8)
	Underlying net finance costs					(123.4)
	Loss before tax from continuing operations					(24.2)
	Other information					
	Capital additions ⁴	76.1	6.2	82.3	2.0	84.3
	Less capital additions from ERO discontinued operations	–	(6.2)	(6.2)	–	(6.2)
	Capital additions from continuing operations	76.1	–	76.1	2.0	78.1
	Depreciation and amortisation	231.5	–	231.5	1.0	232.5
	Less depreciation and amortisation from ERO discontinued operations	–	–	–	–	–
	Depreciation and amortisation from continuing operations	231.5	–	231.5	1.0	232.5
	Balance sheet					
	Total assets	4,049.6	299.9	4,349.5	237.9	4,587.4
	Total liabilities	(1,393.6)	(156.3)	(1,549.9)	(1,447.4)	(2,997.3)
	Net assets/(liabilities)	2,656.0	143.6	2,799.6	(1,209.5)	1,590.1
	Less net assets/(liabilities) from ERO discontinued operations	–	(143.3)	(143.3)	–	(143.3)
	Net assets/(liabilities) from continuing operations ⁵	2,656.0	0.3	2,656.3	(1,209.5)	1,446.8

1. Segmental information – continued

Business segments	Continuing operations ¹ \$m	Discontinued operations ⁵ \$m	Total \$m	Unallocated corporate ² \$m	Total \$m
2019					
External revenue					
External revenue from continuing and discontinued operations	2,260.5	756.9	3,017.4	–	3,017.4
Less external revenue from ERO discontinued operations, note 26	–	(538.3)	(538.3)	–	(538.3)
Less external revenue from Ontic discontinued operations, note 26	–	(218.6)	(218.6)	–	(218.6)
External revenue from continuing operations	2,260.5	–	2,260.5	–	2,260.5
Underlying operating profit					
Underlying operating profit from continuing and discontinued operations	361.0	106.0	467.0	(25.9)	441.1
Less underlying operating profit from ERO discontinued operations	–	(52.8)	(52.8)	–	(52.8)
Adjusted for intergroup charges for ERO discontinued operations ³	–	11.4	11.4	(11.4)	–
Less underlying operating profit from Ontic discontinued operations	–	(67.5)	(67.5)	–	(67.5)
Adjusted for intergroup charges for Ontic discontinued operations ³	–	2.9	2.9	(2.9)	–
Underlying operating profit/(loss) from continuing operations	361.0	–	361.0	(40.2)	320.8
Underlying operating margin from continuing operations	16.0%	–	16.0%	–	14.2%
Exceptional and other items					
Exceptional and other items from continuing and discontinued operations	(76.3)	(12.7)	(89.0)	(39.4)	(128.4)
Less exceptional and other items from ERO discontinued operations	–	–	–	–	–
Less exceptional and other items from Ontic discontinued operations	–	12.5	12.5	–	12.5
Exceptional and other items from continuing operations	(76.3)	(0.2)	(76.5)	(39.4)	(115.9)
Operating profit/(loss) from continuing operations	284.7	(0.2)	284.5	(79.6)	204.9
Impairment of fixed assets ⁶					(12.5)
Underlying net finance costs					(143.6)
Exceptional net finance costs – USPP make-whole, net					(25.4)
Profit before tax from continuing operations					23.4
Other information					
Capital additions ⁴	63.9	15.1	79.0	1.6	80.6
Less capital additions from ERO discontinued operations	–	(11.0)	(11.0)	–	(11.0)
Less capital additions from Ontic discontinued operations	–	(4.1)	(4.1)	–	(4.1)
Capital additions from continuing operations	63.9	–	63.9	1.6	65.5
Depreciation and amortisation	234.0	17.8	251.8	1.0	252.8
Less depreciation and amortisation from ERO discontinued operations	–	–	–	–	–
Less depreciation and amortisation from Ontic discontinued operations	–	(17.8)	(17.8)	–	(17.8)
Depreciation and amortisation from continuing operations	234.0	–	234.0	1.0	235.0
Balance sheet (restated⁷)					
Total assets	4,253.3	360.2	4,613.5	134.6	4,748.1
Total liabilities	(1,458.6)	(180.5)	(1,639.1)	(1,461.6)	(3,100.7)
Net assets/(liabilities)	2,794.7	179.7	2,974.4	(1,327.0)	1,647.4
Less net assets/(liabilities) from ERO discontinued operations	–	(177.6)	(177.6)	–	(177.6)
Net assets/(liabilities) from continuing operations ⁵	2,794.7	2.1	2,796.8	(1,327.0)	1,469.8

1 Operating profit/(loss) from continuing operations includes \$4.0 million profit (2019: \$4.1 million profit) relating to profits of associates and joint ventures.

2 Unallocated corporate balances include debt, tax, provisions, pensions, insurance captives and trading balances from central activities.

3 Costs previously allocated to ERO and Ontic for which both were classified as discontinued operations and in addition Ontic was sold in 2019.

4 Capital additions represent cash expenditures in the year. Capital additions include additions to property, plant and equipment, and intangible assets including Ontic licences not accounted for as acquisitions under IFRS 3.

5 The Discontinued operations results include the former ERO (Middle East) business which is not part of the ERO discontinued operations. This business did not trade in 2020 or 2019, however, in the year ended 31 December 2020, it incurred \$0.9 million (2019: \$0.2 million) of exceptional and other costs and its net asset position at the end of 31 December 2020 was \$0.3 million (2019: \$2.1 million).

6 The impairment of assets of \$4.6 million (2019: \$12.5 million) relates to the Signature segment.

7 The Group's 2019 pension scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further details are provided in note 19.

Notes to the Consolidated Financial Statements – continued

Financial statements		1. Segmental information – continued			
		Revenue by destination \$m	Revenue by origin \$m	Capital additions ¹ \$m	Non-current assets ² \$m
118 Consolidated Income Statement	Geographical segments				
119 Consolidated Statement of Comprehensive Income	2020				
120 Consolidated Balance Sheet	United Kingdom	61.0	147.6	4.4	210.8
121 Consolidated Cash Flow Statement	Mainland Europe	133.7	34.4	0.1	93.3
	North America	1,632.1	1,721.9	79.4	3,557.8
122 Consolidated Statement of Changes in Equity	Rest of World	94.5	17.4	0.4	0.7
	Total from continuing and discontinued operations	1,921.3	1,921.3	84.3	3,862.6
123 Accounting Policies of the Group	Less ERO discontinued operations	(507.4)	(507.4)	(6.2)	–
	Total from continuing operations	1,413.9	1,413.9	78.1	3,862.6
134 Notes to the Consolidated Financial Statements	2019				
197 Company Balance Sheet	United Kingdom	84.0	288.5	6.2	220.9
198 Company Statement of Changes in Equity	Mainland Europe	217.0	56.3	0.9	85.7
	North America	2,580.2	2,650.2	73.5	3,699.3
199 Accounting Policies of the Company	Rest of World	136.2	22.4	–	1.9
	Total from continuing and discontinued operations	3,017.4	3,017.4	80.6	4,007.8
203 Notes to the Company Financial Statements	Less ERO discontinued operations	(538.3)	(538.3)	(11.0)	–
210 Subsidiaries and Related Undertakings	Less Ontic discontinued operations	(218.6)	(218.6)	(4.1)	–
	Total from continuing operations	2,260.5	2,260.5	65.5	4,007.8
218 Five Year Summary	1 Capital additions represent cash expenditures in the year. Capital additions include additions to property, plant and equipment, and intangible assets including Ontic licences not accounted for as acquisitions under IFRS 3.				
219 Shareholder Information	2 The disclosure of non-current assets by geographical segment has been amended to exclude deferred tax of \$15.4 million (2019 restated: \$0.7 million) and financial instrument balances of \$59.6 million (2019: \$17.7 million) in all periods, as required under IFRS 8.				

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

	Revenue from sale of goods		Revenue from services	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Signature	970.1	1,685.2	443.8	575.3
Discontinued operations	25.6	223.4	481.8	533.5
Total from continuing and discontinued operations	995.7	1,908.6	925.6	1,108.8
Less ERO discontinued operations	(25.6)	(34.3)	(481.8)	(504.0)
Less Ontic discontinued operations	–	(189.1)	–	(29.5)
Total from continuing operations	970.1	1,685.2	443.8	575.3

A portion of the Group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. Revenue from the sale of goods of \$995.7 million (2019: \$1,908.6 million) includes a loss of \$0.2 million (2019: gain of \$0.6 million) in respect of the recycling of the effective amount of foreign currency derivatives used to hedge foreign currency revenue.

Disclosure in relation to major customers:

In 2020 the Group had one (2019: nil) major customer with whom transactions exceeded more than 10% of the Group's total revenues. The revenue from this customer amounted to \$239.6 million and is presented within the Continuing operations segment.

2. Profit for the year

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

Exceptional and other items

Underlying profit is shown before exceptional and other items on the face of the Income Statement. Exceptional items are items which are material or non-recurring in nature, and include costs relating to acquisitions which are material to the associated business segment, costs related to strategic disposals (including those previously completed) and significant restructuring programmes some of which span multiple years. This is consistent with the way that financial performance is measured by management and reported to the Board and the Signature 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 30.

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 2020 \$m	Other operating expenses 2020 \$m	Restructuring costs 2020 \$m	Total 2020 \$m	Administrative expenses 2019 \$m	Other operating expenses 2019 \$m	Restructuring costs 2019 \$m	Total 2019 \$m
Restructuring expenses								
ERO Middle East	–	–	0.9	0.9	–	–	0.2	0.2
Paris–Le Bourget FBO T3 closure	–	–	7.5	7.5	–	–	–	–
Central costs rationalisation	–	–	0.2	0.2	–	–	5.4	5.4
Other								
Amounts related to previously disposed businesses	–	5.0	–	5.0	–	36.5	–	36.5
Pension GMP equalisation	–	0.9	–	0.9	–	–	–	–
Acquisition-related								
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3	73.7	–	–	73.7	73.8	–	–	73.8
Operating loss on continuing operations	73.7	5.9	8.6	88.2	73.8	36.5	5.6	115.9
Impairment loss	9, 10			4.6				12.5
Gain on disposal of investment				(2.0)				–
Transaction costs				2.8				–
USPP make-whole, net	3, 16			–				25.4
Loss before tax on continuing operations				93.6				153.8
Tax credit on exceptional and other items				(23.9)				(29.7)
Loss for the year on continuing operations, net of tax				69.7				124.1
Loss from ERO discontinued operations, net of tax				36.1				104.2
Profit from Ontic discontinued operations, net of tax				(9.3)				(628.3)
Total exceptional and other items, net of tax				96.5				(400.0)

Net free cash flow from exceptional items was an outflow of \$28.6 million (2019: outflow of \$16.4 million). Net cash flow from other items was \$nil (2019: \$nil). Net cash flow from exceptional items including completed disposals was an inflow of \$0.9 million (2019: outflow of \$1,182.4 million).

The impairment loss of \$4.6 million relates to the Paris–Le Bourget FBO T3 closure. The \$2.0 million gain on disposal relates to the disposal of the Group's investment in Gama Aviation Holdings LLC in the year. The Group had recognised a \$12.5 million impairment loss on its investment in Gama Aviation Holdings LLC in 2019.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	2. Profit for the year – continued		
	Other	2020 \$m	2019 \$m
119 Consolidated Statement of Comprehensive Income	Expenses relating to variable lease payments not included in the measurement of lease liabilities	34.1	24.5
120 Consolidated Balance Sheet	Net foreign exchange losses	1.4	0.1
121 Consolidated Cash Flow Statement	Depreciation of property, plant and equipment	68.5	67.8
	Depreciation of right of use assets	83.2	89.7
	Amortisation of intangible assets (included in administrative expenses)	80.8	95.3
122 Consolidated Statement of Changes in Equity	Total depreciation and amortisation expense	232.5	252.8
123 Accounting Policies of the Group	Total employee costs from continuing operations (note 7)	217.9	331.2
	Cost of inventories recognised as an expense within cost of sales	1,074.0	1,674.2
134 Notes to the Consolidated Financial Statements	The analysis of auditor's remuneration is as follows:	2020 \$m	2019 \$m
197 Company Balance Sheet	Fees payable to the Company's auditor for the audit of the Group's annual accounts	1.0	1.6
198 Company Statement of Changes in Equity	The audit of the Company's subsidiaries pursuant to legislation	0.3	0.4
	Total audit fees	1.3	2.0
199 Accounting Policies of the Company	Audit-related assurance services	0.2	0.1
	Reporting accountant services	–	0.6
203 Notes to the Company Financial Statements	Total fees payable to the Company's auditor	1.5	2.7
210 Subsidiaries and Related Undertakings	In the prior year, fees of \$0.8 million were paid to the auditor by CVC Fund VII (CVC) in relation to the non-statutory audit of the Ontic business. These fees were paid by CVC so are not included in the above analysis.		
218 Five Year Summary	3. Investment income and finance costs		
219 Shareholder Information		2020 \$m	2019 \$m
	Interest on bank deposits	0.6	1.9
	Interest on sublease assets	1.6	1.8
	Underlying investment income	2.2	3.7
	Exceptional interest	–	7.5
	Total investment income	2.2	11.2
	Total investment income from continuing operations	2.2	11.2
	Interest on bank loans and overdrafts	(7.9)	(34.4)
	Interest on US private placement senior notes	–	(13.5)
	Interest on US senior notes	(52.9)	(31.2)
	Interest on lease liabilities	(77.0)	(76.4)
	Net finance income/(expense) from pension schemes	0.2	(1.2)
	Other finance costs	(1.8)	(0.1)
	Total borrowing costs	(139.4)	(156.8)
	Less amounts included in the cost of qualifying assets	1.5	1.4
	Fair value gains on interest rate swaps designated as cash flow hedges transferred from equity	–	2.2
	Fair value gains on interest rate swaps designated as fair value hedges	8.3	0.4
	Underlying finance costs	(129.6)	(152.8)
	Exceptional interest costs	–	(32.9)
	Total finance costs	(129.6)	(185.7)

3. Investment income and finance costs – continued

	2020 \$m	2019 \$m
Total finance costs	(129.6)	(185.7)
Finance costs from ERO discontinued operations	(4.0)	(4.6)
Finance costs from Ontic discontinued operations	–	(0.9)
Finance costs from continuing operations	(125.6)	(180.2)
Net underlying finance costs	(127.4)	(149.1)
Net exceptional finance costs	–	(25.4)
Net finance costs	(127.4)	(174.5)
Net finance costs from ERO discontinued operations	(4.0)	(4.6)
Net finance costs from Ontic discontinued operations	–	(0.9)
Net finance costs from continuing operations	(123.4)	(169.0)

Finance costs from discontinued operations include \$3.5 million (2019: \$4.4 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% (2019: 4.54%) 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 deferred tax movement in the year amounting to \$1.0 million (2019: \$0.1 million).

In the prior year, exceptional interest income related to the close-out of interest rate swaps that were hedging the US private placement (USPP) senior notes which occurred prior to the sale of Ontic.

In the prior year, exceptional finance costs related to the \$31.5 million payment required to redeem the USPP debt, as well as \$1.4 million USPP-related finance costs.

4. Income tax

Recognised in the Income Statement	2020 \$m	2019 \$m
Current tax expense	17.0	132.5
Adjustments in respect of prior years – current tax	(30.0)	(1.7)
Current tax	(13.0)	130.8
Deferred tax (note 20)	(18.9)	(66.1)
Adjustments in respect of prior years – deferred tax (note 20)	24.3	(2.0)
Deferred tax	5.4	(68.1)
Income tax (credit)/expense for the year from continuing and discontinued operations	(7.6)	62.7
Less: ERO discontinued operations	(0.3)	15.1
Less: Ontic discontinued operations	2.7	(95.4)
Income tax credit for the year from continuing operations	(5.2)	(17.6)

UK income tax is calculated at 19% (2019: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax credit to the year ended 31 December 2020 includes a tax credit of \$23.9 million (2019: \$29.7 million) relating to exceptional and other items.

EU State Aid

The Group had been monitoring developments in relation to the EU State Aid investigation including the European Commission's decision in April 2019 that concluded the UK's Controlled Foreign Company regime partially represents State Aid and the UK authorities' subsequent appeal of this decision. In common with many other UK-based multinational groups whose arrangements were in line with UK CFC legislation, the Group may have been affected by this decision although did not consider that any provision was required. On 23 February 2021 management received confirmation from HMRC that the Group has not been a beneficiary of State Aid.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	4. Income tax – continued		
	The total charge for the year can be reconciled to the accounting profit as follows:		
119 Consolidated Statement of Comprehensive Income		2020 \$m	2019 \$m
120 Consolidated Balance Sheet	(Loss)/profit before tax on continuing operations	(24.2)	23.4
121 Consolidated Cash Flow Statement	Tax at the rates prevailing in the relevant tax jurisdictions 25.3% (2019: 24.3%)	(6.1)	5.7
	Tax effect of offshore financing net of UK CFC charge	–	(2.3)
122 Consolidated Statement of Changes in Equity	Tax effect of expenses that are not deductible in determining taxable profit	0.3	11.4
123 Accounting Policies of the Group	Items on which deferred tax has not been recognised	–	(3.9)
	Recognition of previously unrecognised tax attributes	–	(20.5)
134 Notes to the Consolidated Financial Statements	Tax rate changes	0.3	0.1
	Difference in tax rates on overseas earnings	0.8	(4.4)
197 Company Balance Sheet	Adjustments in respect of prior years	(0.5)	(3.7)
198 Company Statement of Changes in Equity	Tax expense for the year on continuing operations	(5.2)	(17.6)
199 Accounting Policies of the Company	The applicable tax rate of 25.3% (2019: 24.3%) represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen.		
203 Notes to the Company Financial Statements	During 2020 tax legislation included with the US Coronavirus Aid, Relief and Economic Security Act (the CARES Act) provided for the retroactive application of favourable tax rules which permitted the utilization of certain tax attributes as well as additional capital allowances against prior year tax liabilities. The impact of the legislative changes are reflected as adjustments in respect of prior year and further highlighted in note 26.		
210 Subsidiaries and Related Undertakings	Tax credited/(expensed) to other comprehensive income and equity is as follows:		
218 Five Year Summary	Recognised in other comprehensive income	2020 \$m	2019 \$m
219 Shareholder Information	Tax on items that will not be reclassified subsequently to profit or loss		
	Current tax other	–	0.1
	Deferred tax credit/(charge) on actuarial gains (restated ¹)	6.6	(1.0)
		6.6	(0.9)
	Tax on items that may be reclassified subsequently to profit or loss		
	Current tax (charge)/credit on foreign exchange movements	(1.3)	0.9
	Deferred tax credit on derivative instruments	–	0.4
		(1.3)	1.3
	Total tax credit within other comprehensive income	5.3	0.4
	Recognised in equity	2020 \$m	2019 \$m
	Current tax charge on share-based payments movements	–	(0.2)
	Deferred tax credit on share-based payments movements	1.3	1.4
	Total tax credit within equity	1.3	1.2
	Total tax credit within other comprehensive income and equity	6.6	1.6

1 The Group's 2019 pension scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further details are provided in note 19.

5. Dividends

In light of the continued uncertainty around the COVID-19 pandemic, the Board is not proposing a final dividend in respect of 2020.

As announced on 30 March 2020, in order to preserve balance sheet strength and liquidity, the Board suspended the final 2019 dividend of 10.57¢ per share that was proposed with the full year 2019 results on 3 March 2020 and this final dividend has not been paid. In 2019 the final dividend in respect of 2018 of 10.07¢ per share (total dividend \$103.9 million) was paid to shareholders on 24 May 2019.

In the light of the continued uncertainty around the COVID-19 pandemic and to preserve our balance sheet strength and liquidity, the Board did not pay an interim dividend in respect of 2020. In 2019 the interim dividend of 4.20¢ per share (total dividend \$43.4 million) was paid to shareholders on 1 November 2019.

On 13 December 2019, the 2019 special dividend of 80.71¢ per share (total dividend \$833.6 million) was paid to shareholders.

6. Earnings per share

All Alternative Performance Measures are reconciled to IFRS measures and explained in note 30.

The calculation of the basic and diluted earnings per share is based on the following data:

	Continuing		Total	
	2020	2019	2020	2019
	\$m	\$m	\$m	\$m
Basic and diluted				
Earnings:				
(Loss)/profit for the year	(19.0)	41.0	(9.5)	659.5
Non-controlling interests	(0.1)	(0.4)	(0.1)	(0.4)
Basic (loss)/earnings attributable to ordinary shareholders	(19.1)	40.6	(9.6)	659.1
Exceptional and other items (net of tax)	69.7	124.1	96.5	(400.0)
Adjusted earnings for adjusted earnings per share	50.6	164.7	86.9	259.1
Number of shares				
Weighted average number of 37 ¹⁷ / ₆₄ p ordinary shares (2019: 37 ¹⁷ / ₆₄ p ordinary shares) ¹ :				
For basic earnings per share	827.2	1,011.5	827.2	1,011.5
Dilutive potential ordinary shares from share options	8.2	7.8	8.2	7.8
For diluted earnings per share	835.4	1,019.3	835.4	1,019.3
For diluted losses per share	827.2	1,011.5	827.2	1,011.5
Basic:				
Adjusted	6.1¢	16.3¢	10.5¢	25.6¢
Unadjusted	(2.3)¢	4.0¢	(1.2)¢	65.2¢
Diluted:				
Adjusted	6.1¢	16.2¢	10.4¢	25.4¢
Unadjusted	(2.3)¢	4.0¢	(1.2)¢	64.7¢

¹ On 22 November 2019, the Company undertook a consolidation of shares on the basis of four new shares with nominal value of 37¹⁷/₆₄ pence for every five shares held on that date.

Per note 30, cash earnings per share is presented for the LTIP issued in 2017 and 2018. As disclosed in the 2018 Annual Report, the Remuneration Committee decided to simplify the earnings per share measure used for the LTIP and use underlying earnings per share for subsequent schemes being LTIP19 and LTIP20. For more information refer to the "Implementation of policy in 2019" on page 82 of the 2018 Annual Report.

Cash earnings per share pre IFRS 16 is presented for LTIP 2017 and 2018, calculated on earnings before exceptional and other items (note 2) and using current tax charge, not the total tax charge for the period (note 4), thereby excluding the deferred tax charge (see note 30).

Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase the loss per share.

Adjusted earnings per share is presented pre IFRS 16 and calculated on earnings before exceptional and other items (note 2) for the purposes of the LTIP awards for LTIP 2019 and 2020. Both adjustments have been made because the directors consider that this gives a useful indication of underlying performance.

For discontinued earnings per share, refer to note 26.

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Financial statements				
118	Consolidated Income Statement	7. Employees		
		Average monthly number (including executive directors)	2020 number	2019 number
119	Consolidated Statement of Comprehensive Income	By segment		
		Signature	4,122	5,126
120	Consolidated Balance Sheet	Discontinued operations	1,098	1,564
121	Consolidated Cash Flow Statement	Total employment numbers by segment from continuing and discontinued operations	5,220	6,690
122	Consolidated Statement of Changes in Equity	By region		
		United Kingdom	584	894
123	Accounting Policies of the Group	Mainland Europe	196	227
		North America	4,415	5,531
134	Notes to the Consolidated Financial Statements	Rest of World	25	38
		Total average employees by region from continuing and discontinued operations	5,220	6,690
197	Company Balance Sheet	Total average employees from continuing operations	4,122	5,126
198	Company Statement of Changes in Equity	Total average employees from ERO discontinued operations	1,098	1,073
199	Accounting Policies of the Company	Total average employees from Ontic discontinued operations ¹	–	491
203	Notes to the Company Financial Statements		2020 \$m	2019 \$m
		Employment costs		
210	Subsidiaries and Related Undertakings	Wages and salaries ²	283.9	450.5
		Social security costs	20.9	28.8
218	Five Year Summary	Pension costs ³ (note 19)	9.9	11.1
219	Shareholder Information	Total employment costs from continuing and discontinued operations	314.7	490.4
		Total employment costs from continuing operations	218.9	331.2
		Total employment costs from ERO discontinued operations	95.8	102.2
		Total employment costs from Ontic discontinued operations	–	57.0

1 The average employees for Ontic is calculated for the period up to 31 October 2019.

2 Wages and salaries for 2020 are presented net of \$61.2 million CARES funding received from the US Treasury Department (see note 27).

3 Included within pension costs are \$0.9 million of exceptional costs related to GMP equalisation as detailed in note 19.

8. Intangible assets

	Goodwill 2020 \$m	Licences and contracts 2020 \$m	Computer software 2020 \$m	Total 2020 \$m	Goodwill 2019 \$m	Licences and contracts 2019 \$m	Computer software 2019 \$m	Total 2019 \$m
Cost								
Beginning of year	1,111.1	1,301.3	52.6	2,465.0	1,191.1	1,675.5	47.5	2,914.1
Exchange adjustments	6.1	3.2	–	9.3	3.3	2.3	–	5.6
Acquisition of businesses	6.8	17.8	–	24.6	16.2	37.5	–	53.7
Additions	–	0.7	13.2	13.9	–	0.2	5.6	5.8
Impairments and write downs	–	(0.2)	–	(0.2)	–	–	(0.2)	(0.2)
Disposal of business	–	–	–	–	(99.5)	(414.2)	(1.2)	(514.9)
Transfers from other asset categories	–	–	5.9	5.9	–	–	0.9	0.9
End of year	1,124.0	1,322.8	71.7	2,518.5	1,111.1	1,301.3	52.6	2,465.0
Accumulated amortisation and impairment								
Beginning of year	–	(361.6)	(26.2)	(387.8)	–	(371.1)	(22.5)	(393.6)
Exchange adjustments	–	(1.5)	–	(1.5)	–	(0.1)	0.2	0.1
Amortisation charge for the year	–	(74.0)	(6.8)	(80.8)	–	(90.1)	(5.2)	(95.3)
Impairments and write downs	–	0.2	–	0.2	–	–	0.1	0.1
Disposal of business	–	–	–	–	–	99.7	1.2	100.9
End of year	–	(436.9)	(33.0)	(469.9)	–	(361.6)	(26.2)	(387.8)
Carrying amount								
End of year	1,124.0	885.9	38.7	2,048.6	1,111.1	939.7	26.4	2,077.2
Beginning of year	1,111.1	939.7	26.4	2,077.2	1,191.1	1,304.4	25.0	2,520.5

At 31 December 2020, included within assets classified as held for sale is a further \$nil, net of impairment (2019: \$1.9 million) of intangible assets related to the ERO discontinued operations (see note 26).

Included within the amortisation charge for intangible assets of \$80.8 million (2019: \$95.3 million) is amortisation of \$73.7 million (2019: \$86.3 million) in relation to the amortisation of intangible assets acquired and valued in accordance with IFRS 3 and disclosed within exceptional and other items.

Included within acquisitions of \$24.6 million (2019: \$53.7 million) is \$nil (2019: \$0.1 million) of Ontic licence acquisitions which are not accounted for as a business combination under IFRS 3 and hence not presented under note 25.

Licences and contracts are amortised over the period to which they relate, which is on average 16 years (2019: 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 (2019: five years).

The cumulative impairment at 31 December 2020 was \$0.2 million (2019: \$0.1 million).

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8. Intangible assets – continued**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:

	2020 \$m	2019 \$m
Signature	1,124.0	1,111.1
Total goodwill	1,124.0	1,111.1

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 the Signature CGU by assessing its fair value less costs of disposal. In prior years the Group has used value-in-use calculations.

The change in determination of the recoverable amount has arisen due to there being recent market evidence supporting the valuation of the Group due to the potential acquisition of the Group.

A firm offer of \$5.50 per share by Global Infrastructure Partners was recommended on 11 January 2021. Subsequently, on 5 February 2021, a further firm offer of \$5.62 per share by Brown Bidco Limited (a newly formed company to be indirectly owned by joint offerors (i) Blackstone Infrastructure and Blackstone Core Equity, (ii) Global Infrastructure Partners and (iii) Cascade) was recommended (see note 29).

Key assumptions

The key assumptions for the fair value less costs of disposal calculations are as follows:

Fair value

The fair value of the Signature CGU was determined based on the indicative market capitalisation of the Group after having deducted the value of the ERO business currently recognised as a discontinued operation held for sale. The market capitalisation of the Group, being reflective of the offer price per share for the Group following a competitive acquisition process, is considered representative of the price a market participant would pay in an orderly transaction at the measurement date.

The fair value of the Signature CGU is categorised within Level 2 of the fair value hierarchy on the basis that its fair value has been calculated using inputs that are observable in active markets which are related to the asset.

Costs of disposal

The costs of disposal have been determined based on contractually agreed relationships with advisers to the transaction.

Sensitivity analysis

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

9. Property, plant and equipment

	Land and buildings 2020 \$m	Fixtures and equipment 2020 \$m	Total 2020 \$m	Land and buildings 2019 \$m	Fixtures and equipment 2019 \$m	Total 2019 \$m
Cost or valuation						
Beginning of year	1,151.1	141.9	1,293.0	1,129.6	152.2	1,281.8
Exchange adjustments	3.2	0.6	3.8	3.5	0.7	4.2
Acquisition of businesses	0.7	0.2	0.9	4.1	0.1	4.2
Additions	52.2	12.0	64.2	38.7	17.9	56.6
Disposals	(5.4)	(2.8)	(8.2)	(3.1)	(7.1)	(10.2)
Asset write downs	(8.0)	(5.4)	(13.4)	(6.8)	(5.0)	(11.8)
Transfers (to)/from other asset categories	(6.9)	(0.6)	(7.5)	(1.0)	(1.7)	(2.7)
Disposal of business	–	–	–	(13.9)	(15.2)	(29.1)
End of year	1,186.9	145.9	1,332.8	1,151.1	141.9	1,293.0
Accumulated depreciation and impairment						
Beginning of year	(454.7)	(88.9)	(543.6)	(410.2)	(91.7)	(501.9)
Exchange adjustments	(1.2)	(1.4)	(2.6)	(0.5)	(0.6)	(1.1)
Depreciation charge for the year	(56.9)	(11.6)	(68.5)	(55.0)	(12.8)	(67.8)
Disposals	1.9	2.5	4.4	0.8	3.5	4.3
Asset write downs	4.3	4.5	8.8	4.6	5.0	9.6
Transfers to other asset categories	–	0.8	0.8	1.0	0.9	1.9
Disposal of business	–	–	–	4.6	6.8	11.4
End of year	(506.6)	(94.1)	(600.7)	(454.7)	(88.9)	(543.6)
Carrying amount						
End of year	680.3	51.8	732.1	696.4	53.0	749.4
Beginning of year	696.4	53.0	749.4	719.4	60.5	779.9

	2020 \$m	2019 \$m
Capital commitments		
Capital expenditure contracted for but not provided for continuing and discontinued operations	120.3	123.9
Capital expenditure contracted for but not provided for continuing operations	120.3	123.9
Capital expenditure contracted for but not provided for ERO discontinued operations	–	–

At 31 December 2020 included within assets classified as held for sale was a further \$nil, net of impairment (2019: \$6.5 million) of net property, plant and equipment related to the ERO discontinued operations (see note 26).

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

The amounts disclosed above for asset write downs are attributable to \$4.6 million (2019: \$2.2 million) in Signature, including the impact of the Paris Le Bourget T3 closure, \$nil (2019: nil) in Ontic and \$nil (2019: \$nil) in unallocated Corporate.

The cumulative impairment at 31 December 2020 was \$nil (2019: \$nil).

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	10. Right of use assets
119 Consolidated Statement of Comprehensive Income	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 104 years (2019: 105 years) in duration. The majority of the lease liability relates to long-term leases on Signature's FBO network.
120 Consolidated Balance Sheet	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:
121 Consolidated Cash Flow Statement	
122 Consolidated Statement of Changes in Equity	
123 Accounting Policies of the Group	Cost or valuation
134 Notes to the Consolidated Financial Statements	Beginning of year
197 Company Balance Sheet	Recognised on adoption of IFRS 16
198 Company Statement of Changes in Equity	Exchange adjustments
199 Accounting Policies of the Company	Acquisition of businesses
203 Notes to the Company Financial Statements	Additions
210 Subsidiaries and Related Undertakings	Lease changes ¹
218 Five Year Summary	Impairments ¹
219 Shareholder Information	Expired leases
	Disposal of business
	End of year
	Accumulated depreciation and impairment
	Beginning of year
	Depreciation charge for the year
	Exchange adjustments
	Expired leases
	Disposal of business
	End of year
	Carrying amount
	End of year
	Beginning of year

The carrying value of right of use assets classified separately as ERO assets held for sale is \$28.7 million (2019: \$48.6 million) as per note 26.

¹ Lease changes comprise contract modifications and increases as a result of payments linked to a variable index, such as CPI. Contract modifications during 2020 include the impact of the Paris Le Bourget T3 closure which has also resulted in the impairment. Further details are included in note 2.

11. 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	
				2020	2019
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	Associate	Aviation	United States	49%	49%
Aviation Occupant Safety, LLC	Associate	Aviation	United States	35%	35%
Jacksonville Jetport LLC	Joint venture	Aviation	United States	50%	50%
Signature Canada FBO Services, Inc	Joint venture	Aviation	United States	75%	75%
GB Aviation Holdings LLC ¹	Joint venture	Aviation	United States	50%	50%
Long Beach Fuel Consortium LLC ²	Joint venture	Aviation	United States	–	50%
FBOASE, LLC	Joint venture	Aviation	United States	53%	53%

¹ On 2 March 2020 the Group sold its 24.5% stake in GAMA Aviation LLC (see note 26), in which GB Aviation Holdings LLC held a 49% interest. The Group recognised a profit of \$2.0 million on disposal of this investment. In the prior year, when the sale negotiations were underway, the Group recognised a \$12.5 million impairment loss on this investment.

² On 18 December 2020 the Group acquired the remaining 50% of Long Beach Fuel Consortium LLC (see note 25) and this company was fully consolidated at year end.

All of the above associates and joint ventures are accounted for using the equity method in these Consolidated Financial Statements as set out in the Group's accounting policies. The management accounts of these entities are used to consolidate the results to 31 December 2020 within these financial statements.

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

Summary of results	2020 \$m	2019 \$m
Associates		
Group's share of profits of associates	3.1	3.1
Less: Dividends received	(2.2)	(2.2)
	0.9	0.9
Joint ventures		
Group's share of profits of joint ventures	0.9	1.0
Less: Dividends received	(0.5)	(1.0)
	0.4	–
Total		
Group's share of profits of associates and joint ventures	4.0	4.1
Less: Dividends received	(2.7)	(3.2)
Total	1.3	0.9

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	11. Interests in associates and joint ventures – continued
119 Consolidated Statement of Comprehensive Income	Summarised financial information for joint ventures and associates
120 Consolidated Balance Sheet	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.
121 Consolidated Cash Flow Statement	
122 Consolidated Statement of Changes in Equity	
123 Accounting Policies of the Group	
134 Notes to the Consolidated Financial Statements	
197 Company Balance Sheet	
198 Company Statement of Changes in Equity	
199 Accounting Policies of the Company	
203, Notes to the Company Financial Statements	
210 Subsidiaries and Related Undertakings	
218 Five Year Summary	
219 Shareholder Information	

	Hong Kong Business Aviation Centre Limited ¹		Page Avjet Fuel Co LLC ²		Signature STT LLC	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Associates						
Summarised balance sheet						
Current assets	36.3	49.2	61.0	107.6	6.9	3.6
Non-current assets	74.5	79.5	–	–	–	1.2
Total assets	110.8	128.7	61.0	107.6	6.9	4.8
Current liabilities	(11.8)	(18.8)	(65.7)	(110.3)	(0.8)	(0.4)
Non-current liabilities	(51.3)	(56.5)	–	–	–	–
Total liabilities	(63.1)	(75.3)	(65.7)	(110.3)	(0.8)	(0.4)
Net assets/(liabilities)	47.7	53.4	(4.7)	(2.7)	6.1	4.4
Group's share of ownership	10%	10%	50%	50%	49%	49%
Group's share of net assets/(liabilities)	4.8	5.4	(2.4)	(1.4)	3.0	2.2
Net assets/(liabilities) attributable to other interests	42.9	48.0	(2.3)	(1.3)	3.1	2.2
Summarised income statement						
Revenue	39.8	58.3	317.2	621.2	9.6	5.7
Profit for the year	13.4	22.5	1.4	1.6	3.2	1.2
Investment						
Opening carrying value of investment	5.8	5.7	0.8	0.6	10.8	10.2
Additions	–	–	–	–	–	–
Group's share of profit for the year	1.4	2.3	0.1	0.2	1.6	0.6
Dividend received from the associate during the year	(2.2)	(2.2)	–	–	–	–
Closing carrying value of investment	5.0	5.8	0.9	0.8	12.4	10.8

1 The summarised balance sheet for Hong Kong Business Aviation Centre Limited has been restated to reflect the company's adoption of HK FRS 16. Right of use assets and related lease liabilities are now included in this associate's balance sheet.

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

11. Interests in associates and joint ventures – continued

	Jacksonville Jetport LLC ¹		Signature Canada FBO Services, Inc		GB Aviation Holdings LLC ²		Long Beach Fuel Consortium LLC ³	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Joint ventures								
Summarised balance sheet								
Current assets	5.3	5.1	1.8	1.4	–	36.3	–	0.2
Non-current assets	6.9	7.0	2.8	2.8	–	1.9	–	0.1
Total assets	12.2	12.1	4.6	4.2	–	38.2	–	0.3
Current liabilities	(2.2)	(2.9)	(0.6)	(0.5)	–	(26.5)	–	–
Non-current liabilities	(2.8)	(2.5)	(0.5)	(0.5)	–	(0.3)	–	–
Total liabilities	(5.0)	(5.4)	(1.1)	(1.0)	–	(26.8)	–	–
Net assets	7.2	6.7	3.5	3.2	–	11.4	–	0.3
Group's share of ownership	50%	50%	75%	75%	50%	50%	–	50%
Group's share of net assets	3.6	3.3	2.6	2.4	–	5.7	–	0.1
Net assets attributable to other interests	3.6	3.4	0.9	0.8	–	5.7	–	0.2
Summarised income statement								
Revenue	16.7	22.3	3.4	4.7	–	432.7	0.2	0.6
Profit/(loss) for the year	2.9	3.0	0.2	0.3	–	2.0	(0.2)	0.2
Investment								
Opening carrying value of investment	2.9	3.4	4.4	4.3	17.1	29.1	0.1	0.2
Additions and prior year adjustments	–	(0.5)	–	–	–	0.5	–	–
Disposal of investment	–	–	–	–	(17.1)	–	–	–
Impairment of investment	–	–	–	–	–	(12.5)	–	–
Group's share of profit/(loss) for the year	0.8	0.7	0.2	0.2	–	–	(0.1)	0.1
Dividend received from the joint venture during the year	(0.5)	(0.7)	–	(0.1)	–	–	–	(0.2)
Closing carrying value of investment	3.2	2.9	4.6	4.4	–	17.1	–	0.1

1 The Group holds a 50% investment in Jacksonville Jetport LLC but is entitled to profits based on a tiered breakup of profits. In the current year this equated to 29% of profits (2019: 25%).

2 The Group's share of profit for GB Aviation Holdings LLC reflects its 49% share of Gama Aviation LLC which was sold on 2 March 2020. In the prior year the share of profit from the joint venture was \$0.5 million, but was reduced to \$nil to reflect the correction of the 24.5% share of profits and true up to the entity's final 2018 year results. The Group's share of profit up to the date of sale was \$nil.

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

	2020 \$m	2019 \$m
Summary of investments		
Associates		
Cost of investment in associates	10.0	10.0
Share of associates' post acquisition profits, net of dividends received	8.3	7.4
	18.3	17.4
Joint ventures		
Cost of investment in joint ventures	4.2	30.9
Share of joint ventures' post acquisition profits, net of dividends received	3.6	6.1
Impairment of joint ventures during the year	–	(12.5)
	7.8	24.5
Total	26.1	41.9

Notes to the Consolidated Financial Statements – continued**Financial statements**

	12. Inventories		2020 \$m	2019 \$m
118 Consolidated Income Statement				
119 Consolidated Statement of Comprehensive Income	Work in progress		7.0	7.9
	Finished goods		28.2	36.1
120 Consolidated Balance Sheet			35.2	44.0
121 Consolidated Cash Flow Statement	As at 31 December 2020, included within assets classified as held for sale is a further \$135.5 million (2019: \$167.0 million) of inventories (see note 26).			
122 Consolidated Statement of Changes in Equity	13. Other financial assets		2020 \$m	2019 \$m
123 Accounting Policies of the Group	Trade and other receivables	Note		
	Amounts due within one year			
134 Notes to the Consolidated Financial Statements	Trade receivables		79.5	130.1
	Other receivables, prepayments and accrued income		63.9	72.1
197 Company Balance Sheet	Lease related receivables		2.5	2.9
198 Company Statement of Changes in Equity	Derivative financial instruments	17	0.7	0.3
	Trade and other receivables due within one year		146.6	205.4
199 Accounting Policies of the Company	Amounts due after one year			
203 Notes to the Company Financial Statements	Lease related receivables		19.4	23.4
	Trade and other receivables		9.1	4.7
210 Subsidiaries and Related Undertakings	Assets classified as financial instruments fair valued through other comprehensive income		–	–
218 Five Year Summary	Derivative financial instruments	17	59.6	17.7
219 Shareholder Information	Trade and other receivables due after one year		88.1	45.8
			234.7	251.2

As at 31 December 2020, included within Assets classified as held for sale is a further \$132.2 million (2019: \$124.9 million) of trade and other receivables (see note 26).

Income relating to lease related receivables is \$4.4 million (2019: \$4.5 million).

As at 31 December 2020 the Group held a 3.19% equity stake in Alyssum Group Limited, which owns 100% of Fly Victor Limited, and a 1.45% equity stake in Líder 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 (2019: \$nil). The Group sold its 5% equity stake in Santa Rosa Jet Centre LLC in June 2019.

Trade receivables

An expected credit loss reserve has been recognised for estimated irrecoverable amounts from the sale of goods and services of \$2.9 million (2019: \$3.1 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 \$11.2 million (2019: \$9.6 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 59 days (2019: 71 days).

	2020 \$m	2019 \$m
Ageing of past due but not included in expected credit loss reserve		
30-60 days	7.8	4.9
60-90 days	2.4	2.8
90-120 days	0.4	0.3
Over 120 days	0.6	1.6
	11.2	9.6

13. Other financial assets – continued	2020	2019
	\$m	\$m
Movement in the expected credit loss reserve		
Beginning of year	(3.1)	(4.2)
Exchange adjustments	(0.1)	–
Amounts written off as uncollectable	(1.0)	–
Charged in the year	1.5	1.0
Acquisition of subsidiary	(0.2)	–
Disposal of subsidiary	–	0.1
End of year	(2.9)	(3.1)

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.

	2020	2019
	\$m	\$m
Ageing of expected credit loss reserve		
30–60 days	0.1	–
60–90 days	0.3	0.3
90–120 days	0.4	1.2
Over 120 days	2.1	1.6
	2.9	3.1

	2020	2019
	\$m	\$m
Cash and cash equivalents		
Cash at bank and in hand	62.5	57.6
Short-term bank deposits	105.5	55.6
Cash and cash equivalents for continuing operations	168.0	113.2
Cash and cash equivalents held for sale – ERO	3.1	9.2
Cash and cash equivalents in the statement of cash flows	171.1	122.4

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 17.

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

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

Notes to the Consolidated Financial Statements – continued**Financial statements**

		Note	2020 \$m	2019 \$m
118 Consolidated Income Statement	14. Trade and other payables			
119 Consolidated Statement of Comprehensive Income	Amounts due within one year			
120 Consolidated Balance Sheet	Trade payables		136.6	182.7
121 Consolidated Cash Flow Statement	Other taxation and social security		21.2	13.6
	Other payables		24.7	29.3
	Accruals and deferred income		79.1	124.7
122 Consolidated Statement of Changes in Equity	Derivative financial instruments	17	3.6	4.3
123 Accounting Policies of the Group			265.2	354.6
134 Notes to the Consolidated Financial Statements	Amounts due after one year			
197 Company Balance Sheet	Derivative financial instruments	17	–	3.9
198 Company Statement of Changes in Equity			–	3.9
199 Accounting Policies of the Company	Total trade and other payables		265.2	358.5
203 Notes to the Company Financial Statements	As at 31 December 2020, included within liabilities classified as held for sale is a further \$92.5 million (2019: \$115.1 million) of trade and other payables (see note 26).			
210 Subsidiaries and Related Undertakings	The directors consider that the carrying amount of trade and other payables approximates their fair value.			
218 Five Year Summary	The average age of trade creditors was 45 days (2019: 36 days).			
219 Shareholder Information	15. 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 104 (2019: 105) 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 10. A maturity analysis of lease liabilities for continuing operations is set out below:

	Minimum lease payments	
	2020 \$m	2019 \$m
Amounts payable under lease liabilities		
Within 1 year	120.5	126.2
Between 2 and 5 years inclusive	430.4	445.7
Between 6 and 10 years inclusive	463.9	478.2
Between 11 and 20 years inclusive	695.3	717.6
More than 20 years	590.6	622.7
	2,300.7	2,390.4
Less: Future finance charges	(1,156.9)	(1,208.6)
Present value of lease obligations	1,143.8	1,181.8
Less: Amount due for settlement within 12 months (shown under current liabilities)	(50.9)	(53.0)
Amount due for settlement after 12 months	1,092.9	1,128.8

As at 31 December 2020, included within liabilities classified as held for sale is \$62.2 million (2019: \$63.7 million) of lease liabilities (see note 26).

The average lease term was 18 years (2019: 18 years) for FBO leasehold improvements and four years (2019: six years) for equipment. In 2020 the average effective borrowing rate for the Group was 6.5% (2019: 6.5%). Interest rates were fixed at the contract date or varied based on prevailing interest rates.

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

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

15. Lease liabilities – continued

The Group as lessee

	2020 \$m	2019 \$m
Expense relating to variable lease payments not included in the measurement of lease liabilities for continuing and discontinued operations	32.3	24.5
Continuing operations	32.3	24.5
ERO discontinued operations	–	–

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 \$169.5 million (2019: \$171.9 million). Variable lease payments constitute 19.1% (2019: 14.3%) of the total cash outflow.

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

Notes to the Consolidated Financial Statements – continued

Financial statements

	16. Borrowings	2020 \$m	2019 \$m
118 Consolidated Income Statement			
119 Consolidated Statement of Comprehensive Income	Bank loans ¹	(5.0)	(5.0)
120 Consolidated Balance Sheet	US senior notes	1,194.2	1,145.7
121 Consolidated Cash Flow Statement	Promissory note	18.6	–
	Other loans	0.3	0.3
		1,208.1	1,141.0
122 Consolidated Statement of Changes in Equity	The borrowings are repayable as follows:		
	On demand or within one year	–	–
123 Accounting Policies of the Group	In the second year	–	–
	In the third to fifth years inclusive	(5.0)	(5.0)
134 Notes to the Consolidated Financial Statements	After five years	1,213.1	1,146.0
		1,208.1	1,141.0
197 Company Balance Sheet	Less: Amount due for settlement within 12 months (shown within current liabilities)	–	–
198 Company Statement of Changes in Equity	Amount due for settlement after 12 months	1,208.1	1,141.0
199 Accounting Policies of the Company	¹ \$5.0 million (2019: \$5.0 million) Issue costs have been capitalised and are being amortised over the life of this facility. There were no drawn amounts of the multicurrency revolving bank credit facility as at 31 December 2020.		

203 Notes to the Company Financial Statements Current year bank loans and US senior notes are stated at 31 December 2020 and 2019 after their respective transaction costs and related amortisation.

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

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

As at 31 December 2020, included within liabilities classified as held for sale is \$nil (2019: \$nil) of other loans (see note 26).

Type	2019							
	Facility amount \$m	Headroom \$m	Principal \$m	Amortisation costs \$m	Fair value adjustment ¹ \$m	Drawn \$m	Facility date	Maturity date
Multicurrency revolving bank credit facility	400.0	400.0	–	(5.0)	–	(5.0)	Mar 2018	Mar 2024
Total bank loans	400.0	400.0	–	(5.0)	–	(5.0)		
\$500m US senior notes	500.0	–	500.0	(8.5)	17.4	508.9	Apr 2018	May 2026
\$650m US senior notes	650.0	–	650.0	(9.2)	(4.0)	636.8	Nov 2019	Mar 2028
Total US senior notes	1,150.0	–	1,150.0	(17.7)	13.4	1,145.7		
Total bank and loan notes	1,550.0	400.0	1,150.0	(22.7)	13.4	1,140.7		
Promissory note and other loans						0.3		
						1,141.0		

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

16. Borrowings – continued

During the first half of 2020, on the second anniversary of the \$400 million multicurrency revolving credit facility (RCF), the lenders approved an extension to the facility for an additional year which extended the RCF maturity date to March 2025.

During June and July 2020, the Group took the precautionary measure of agreeing a covenant waiver for the RCF for the testing periods ending 31 December 2020 and 30 June 2021. As part of the agreement to waive our covenants under the RCF, we have agreed a minimum liquidity covenant test (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF be drawn at these additional dates. As at 31 December 2020 the Group was in full compliance with its banking covenants and minimum liquidity test.

As at 31 December 2020, the Group was undrawn under the RCF (2019: undrawn).

As at 31 December 2020, the Group had \$1,150 million (2019: \$1,150 million) of US senior notes outstanding with \$575 million (2019: \$575 million) accounted for at fair value through profit and loss as the fair value interest rate risk has been hedged from fixed to floating rates. The remainder is accounted for at amortised cost.

Under IFRS hedge accounting rules the fair value movement on the loan notes is booked to interest and is offset by the fair value movement on the underlying interest rate swaps. These notes were issued by Signature Aviation US Holdings Inc.

The Group excludes the fair value movement on its loan notes from its definition of net debt (refer to Alternative Performance Measures in note 30), as this movement is offset by the change in fair value of the underlying interest rate swaps. The fair value loss on its US senior notes at 31 December 2020 was \$59.5 million (2019: \$13.4 million loss). More information is included in note 17.

During 2020, Signature Flight Support LLC entered into a promissory note from the US Treasury Department under the CARES Act (Section 4003 'Lending to Air Carriers and Businesses Critical to National Security'). The total amount of the promissory note received was \$18.6 million. The note has a current interest rate of 4% (1% Coupon and 3% PIK). The note is guaranteed by Signature Aviation US Holdings Inc. and is accounted for at amortised cost.

All other borrowings are held at amortised cost.

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

	Sterling \$m	US dollar \$m	Total \$m
31 December 2020			
Bank loans	–	(5.0)	(5.0)
US senior notes	–	1,194.2	1,194.2
Promissory note	–	18.6	18.6
Other loans	0.3	–	0.3
	0.3	1,207.8	1,208.1
31 December 2019			
Bank overdrafts	–	(5.0)	(5.0)
US senior notes	–	1,145.7	1,145.7
Promissory note	–	–	–
Other loans	0.3	–	0.3
	0.3	1,140.7	1,141.0

The average floating interest rates on borrowings are as follows:

	2020	2019
Sterling	1.6%	1.8%
US dollar	2.2%	4.0%

The Group's borrowings are funded through a combination of fixed and floating rate debt. The floating rate debt exposes the Group to cash flow interest rate risk whilst the fixed rate US senior notes expose the Group to changes in the fair value of fixed rate debt due to changes in interest rates. Interest rate risk is managed by the combination of fixed rate debt and interest rate swaps in accordance with pre-agreed policies and authority limits. As at 31 December 2020, 52% (2019: 51%) of the Group's borrowings are fixed at a weighted average interest rate of 4.6% (2019: 4.6%) for a weighted average period of six years (2019: seven years).

Bank overdrafts are repayable on demand. All bank loans and loan notes are unsecured.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	17. Financial instruments		
119 Consolidated Statement of Comprehensive Income	Categories of financial instruments		
120 Consolidated Balance Sheet	The carrying values of the financial instruments of the Group are analysed below:	2020 Carrying value \$m	2019 Carrying value \$m
121 Consolidated Cash Flow Statement	Financial assets		
122 Consolidated Statement of Changes in Equity	Fair value through profit or loss – foreign exchange contracts ¹	–	0.1
123 Accounting Policies of the Group	Derivative instruments held in fair value hedges ²	59.6	17.6
134 Notes to the Consolidated Financial Statements	Derivative instruments in cash flow hedges	0.7	0.3
197 Company Balance Sheet	Financial assets at amortised cost ^{3,4,5}	269.4	269.7
198 Company Statement of Changes in Equity		329.7	287.7
199 Accounting Policies of the Company	Financial liabilities		
203 Notes to the Company Financial Statements	Fair value through profit or loss – foreign exchange contracts ¹	(3.6)	(4.3)
210 Subsidiaries and Related Undertakings	Derivative instruments held in fair value hedges ²	–	(3.9)
218 Five Year Summary	Derivative instruments held in cash flow hedges	–	–
219 Shareholder Information	Financial liabilities at amortised cost ^{4,6}	(1,874.1)	(1,943.2)
	Financial liabilities at fair value	(629.3)	(579.6)
		(2,507.0)	(2,531.0)

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

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

3 Recoveries from third parties in respect of environmental and other liabilities totalling \$5.3 million (2019: \$4.4 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.

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 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.

17. Financial instruments – continued

Derivative financial assets

	2020		2019	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
Cash flow hedges				
Interest rate swaps	–	–	–	–
Foreign exchange forward contracts	(15.2)	0.7	(12.9)	0.3
Fair value hedges				
Interest rate swaps	(575.0)	59.6	(250.0)	17.6
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	(10.4)	–	17.5	0.1
	(600.6)	60.3	(245.4)	18.0

Derivative financial liabilities measured at fair value

	2020		2019	
	Notional amount \$m	Fair value \$m	Notional amount \$m	Fair value \$m
Cash flow hedges				
Foreign exchange forward contracts	2.2	–	(2.4)	–
Fair value hedges				
Interest rate swaps	–	–	(325.0)	(3.9)
Derivatives not in a formal hedge relationship				
Foreign exchange forward contracts	222.0	(3.6)	258.2	(4.3)
	224.2	(3.6)	(69.2)	(8.2)

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 (2019: \$nil) in the fair value measurement of interest rate swaps.

The maturity of derivative financial instruments is as follows:

	2020		2019	
	Asset fair value \$m	Liability fair value \$m	Asset fair value \$m	Liability fair value \$m
Current				
Less than one year	0.7	(3.6)	0.3	(4.3)
Total current	0.7	(3.6)	0.3	(4.3)
Non-current				
One to two years	–	–	0.1	–
Two to three years	–	–	–	–
Three to four years	–	–	–	–
Four to five years	–	–	–	–
More than five years	59.6	–	17.6	(3.9)
Total non-current	60.3	–	17.7	(3.9)
	60.3	(3.6)	18.0	(8.2)

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.

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17. Financial instruments – continued

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:

	2020			2019		
	US dollar \$m	Sterling \$m	Total \$m	US dollar \$m	Sterling \$m	Total \$m
BBA Aviation Insurances Limited	0.3	0.8	1.1	0.4	0.7	1.1
BBA Aviation Insurances (Vermont) Inc	–	–	–	8.6	–	8.6
Total	0.3	0.8	1.1	9.0	0.7	9.7

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 plc. 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. These policies are outlined on page 56.

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.

As detailed in note 16, during 2020, we took the precautionary measure of agreeing a covenant waiver for the RCF for the testing periods ending 31 December 2020 and 30 June 2021. We have agreed a minimum covenant liquidity test (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which applies at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF be drawn at these additional dates.

During Q4 2019, the Group amended the RCF to reduce the facility size to \$400 million, amended the net debt to EBITDA financial covenant to 4.25 times and amended certain other definitions. The interest cover covenant of 3.0 times, based on EBITDA, remains unchanged. The financial covenants are tested on a pre IFRS 16 basis and the Group complied with its covenants during the year. The RCF still includes the use of an 'acquisition spike' which allows for the net debt to EBITDA covenant to be 4.75 times for two test periods following the activation of the 'acquisition spike'. However, the 'acquisition spike' does not apply during the covenant waiver period.

Although the net debt to EBITDA and interest cover covenant tests have both been waived as at 31 December 2020, if these tests had applied, then we would have been within the covenant levels referred to in the paragraph above. We comfortably met and complied with the minimum liquidity covenant test of \$150 million as at 31 December 2020.

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.

17. Financial instruments – continued

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

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

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

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

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

Hedging instruments		2020		
	Average exchange rate	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/ (liabilities) \$m	Change in fair value for recognising ineffectiveness \$m
Cash flow hedges				
Buy US dollars				
Less than 6 months	1.30	0.7	–	–
6 to 12 months	1.37	1.5	–	–
1 to 2 years	–	–	–	–
	–	2.2	–	–
Sell US dollars				
Less than 6 months	1.30	(7.7)	0.4	0.4
6 to 12 months	1.26	(3.7)	0.3	0.3
1 to 2 years	1.37	(3.8)	–	–
		(15.2)	0.7	0.7
Hedging instruments		2019		
	Average exchange rate	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/ (liabilities) \$m	Change in fair value for recognising ineffectiveness \$m
Cash flow hedges				
Buy US dollars				
Less than 6 months	–	–	–	–
1 to 2 years	–	–	–	–
2 to 3 years	–	–	–	–
	–	–	–	–
Sell US dollars				
Less than 6 months	1.31	(9.3)	0.1	0.1
1 to 2 years	1.30	(3.7)	0.1	0.1
2 to 3 years	1.29	(2.3)	0.1	0.1
		(15.3)	0.3	0.3

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123 Accounting Policies of the Group		2019		
		US dollar \$m	Euros \$m	Total \$m
134 Notes to the Consolidated Financial Statements	Hedged item			
	Forecast sales (post policy margin)	77.1	0.8	77.9
	Forecast purchases (post policy margin)	(58.1)	(1.2)	(59.3)
197 Company Balance Sheet	Net foreign exchange transaction cash flow exposure	19.0	(0.4)	18.6
198 Company Statement of Changes in Equity	Hedging instrument – foreign exchange derivative contracts	(14.8)	–	(14.8)
	Net asset position excluding inter-company debt post hedging effect	4.2	(0.4)	3.8

210	Subsidiaries and Related Undertakings	Current year hedging gains/(losses) recognised in other comprehensive income	Amount of hedge ineffectiveness recognised in the Income Statement	Line item in Income Statement in which hedge ineffectiveness included	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur	Amount reclassified to Income Statement due to hedged cash flows affecting Income Statement	Line item in Income Statement in which reclassification adjustment is included
218	Five Year Summary						
219	Shareholder Information						

The fair value gain/(loss) of currency derivatives that are designated and effective as cash flow hedges amounting to \$0.1 million gain (2019: \$2.3 million gain) has been recognised in other comprehensive income. A loss of \$0.2 million (2019: gain of \$0.6 million) has been transferred to the Income Statement.

Changes in the fair value of foreign exchange contracts which have not been designated as cash flow hedges amounting to \$1.9 million (2019: \$1.2 million) have been transferred to administrative expenses in the Income Statement in the year. The net impact on the Group's result for the period is immaterial, since the balances which these contracts relate to have had a similar but opposite effect on administrative expenses.

17. Financial instruments – continued

(b) Foreign exchange translation risk

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

The US dollar borrowings in the parent company, Signature Aviation plc, 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 plc 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 plc are recorded in other comprehensive income and deferred in the foreign currency translation reserve on the Balance Sheet as long as the hedge is effective. Any ineffectiveness is recognised in the Income Statement for that year.

As part of the refinancing undertaken in October 2019, the RCF was amended to reduce the facility size to \$400 million and amended certain covenant levels and related definitions. Signature Aviation plc and Signature Aviation US Holdings Inc. continue to be borrowers under the RCF. As at 31 December 2020, \$nil (2019: \$nil) was drawn under the Group's RCF.

In the prior year, Signature Aviation US Holdings Inc. issued \$650.0 million 4.000% US Senior notes due 2028.

As at 31 December 2020, the majority of the Group's net borrowings were denominated in US dollars as set out below:

	2020				
	US dollar \$m	Euro \$m	Sterling \$m	Other \$m	Total \$m
Cash and cash equivalents	148.9	4.4	7.3	7.4	168.0
Borrowings	(1,207.8)	–	–	(0.3)	(1,208.1)
Leases	(1,034.4)	(10.6)	(74.9)	(23.9)	(1,143.8)
	(2,093.3)	(6.2)	(67.6)	(16.8)	(2,183.9)
	2019				
	US dollar \$m	Euro \$m	Sterling \$m	Other \$m	Total \$m
Cash and cash equivalents	80.9	11.2	15.6	5.5	113.2
Borrowings	(1,140.7)	–	(0.3)	–	(1,141.0)
Leases	(1,058.7)	(29.4)	(74.0)	(19.7)	(1,181.8)
	(2,118.5)	(18.2)	(58.7)	(14.2)	(2,209.6)

Within the Group's definition of net debt, the US senior notes are included at their face value of \$1,150 million (2019: \$1,150 million) reflecting the fact that the liabilities will be in place until maturity. This is \$59.5 million lower (2019: \$13.4 million lower) than the carrying value, adjusted for the deduction of debt issuance costs. The net carrying value as at 2020 was \$1,194.2 million (2019: \$1,145.7 million).

(ii) Interest rate risk

The Group's borrowings are funded through a combination of bank debt and capital markets borrowings. The Group's 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. 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 interest cover covenant.

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17. Financial instruments – continued

As the critical terms of the interest rate swap 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 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 is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates.

As detailed in note 16, the Group's bank debt comprises a \$400 million multicurrency revolving credit facility which matures in March 2025. The interest rate benchmark in this RCF is linked to LIBOR interest rates which are subject to interest rate benchmark reform. The Group also has a number of inter-group loans to subsidiaries which are based on market interest rates and commercial terms and the majority of these inter-group loans also reference LIBOR interest rates.

As part of the Group's management of interest rate risk, the Group has several outstanding interest rate swaps which are in fair value hedge relationships. These interest rate swaps are hedging part of the Group's fixed rate debt and under the terms of the swaps we receive fixed interest and pay floating rate interest. The floating interest rates are based on US dollar LIBOR which is subject to interest rate benchmark reform with the Financial Conduct Authority (FCA) stating that, from the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR.

We do not currently have any outstanding cash flow interest rate hedges, although we have taken these out in the past, and may do so in the future as part of the Group's interest rate risk management policy. Any new cash flow interest rate hedges may also expose the Group to US Dollar LIBOR interest rates.

The Group is currently identifying where IBOR exposures are within the Group and is planning to transition to alternative benchmark rates within the necessary timeframe. Therefore, we have not yet reformed or replaced any existing interest rate benchmarks within the Group's financial instruments. As stated on page 123 of the Group's Accounting Policies, the Group will continue to apply the phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from interest rate benchmark reform with respect to the timing and the amount of the underlying fair values that the Group is exposed to 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.

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

	2020		
	Cash and cash equivalents \$m	Book value of borrowings \$m	Fair value of borrowings \$m
Fixed interest rate (adjusted for interest rate hedging)			
Less than one year	–	–	–
Between two and five years	–	–	–
After five years	–	(569.8)	(579.8)
Total fixed interest rate (adjusted for interest rate hedging)	–	(569.8)	(579.8)
Floating interest rate	168.0	(638.3)	(638.3)
Total interest-bearing assets/(liabilities) within borrowings	168.0	(1,208.1)	(1,218.1)
	2019		
	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	–	(566.2)	(579.4)
Total fixed interest rate (adjusted for interest rate hedging)	–	(566.2)	(579.4)
Floating interest rate	113.2	(574.8)	(574.8)
Total interest-bearing assets/(liabilities) within borrowings	113.2	(1,141.0)	(1,154.2)

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.

17. Financial instruments – continued

(a) Cash flow hedges

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

2020						
	Current year hedging gains/ (losses) recognised in OCI \$m	Amount of hedge ineffectiveness recognised in the Income Statement \$m	Line item in Income Statement in which hedge ineffectiveness is included	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur \$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
Cash flow hedges						
Variable rate borrowings						
US dollars	–	–	Finance costs	–	–	Finance costs
2019						
	Current year hedging gains/ (losses) recognised in OCI \$m	Amount of hedge ineffectiveness recognised in the Income Statement \$m	Line item in Income Statement in which hedge ineffectiveness is included	Amount reclassified to Income Statement due to hedged future cash flows being no longer expected to occur \$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
Cash flow hedges						
Variable rate borrowings						
US dollars	(2.4)	–	Finance costs	–	2.2	Finance costs

The Group has designated \$nil (2019: \$nil) interest rate swaps as cash flow hedges and the fair value loss of \$nil million (2019: loss of \$2.4 million) has been recognised in other comprehensive income. An income of \$nil million (2019: income \$2.2 million) has been booked against hedged interest payments made in the year.

(b) Fair value hedges

Hedging instruments – receive fixed, pay floating

2020				
	Average contracted fixed interest rate %	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for calculating ineffectiveness \$m
Fair value hedges				
2 to 5 years	–	–	–	–
More than 5 years	4.60%	(575.0)	59.6	0.4
		(575.0)	59.6	0.4
2019				
	Average contracted fixed interest rate %	Notional value: US dollars \$m	Carrying amount of the hedging instrument assets/(liabilities) \$m	Change in fair value for calculating ineffectiveness \$m
Fair value hedges				
2 to 5 years	–	–	–	–
More than 5 years	4.60%	(575.0)	13.7	(5.4)
		(575.0)	13.7	(5.4)

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	17. Financial instruments – continued					
	Hedged item		2020			
	Carrying amount of hedged item: asset/(liabilities)	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item: debit/(credit)	Line item in the Consolidated Financial Statements in which the hedged item is included	Change in fair value used for recognising hedge ineffectiveness	Accumulated amount of fair value hedge adjustments in the Consolidated Financial Statements for hedged items that have ceased to be adjusted for hedging gains and losses	
	\$m	\$m		\$m	\$m	
118 Consolidated Income Statement	US dollars					
119 Consolidated Statement of Comprehensive Income	Fixed rate borrowings					
120 Consolidated Balance Sheet	(629.3)	59.5	Finance costs	(0.7)	n/a	
121 Consolidated Cash Flow Statement	Hedged item					
122 Consolidated Statement of Changes in Equity			2019			
	Carrying amount of hedged item: asset/(liabilities)	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item: debit/(credit)	Line item in the Consolidated Financial Statements in which the hedged item is included	Change in fair value used for recognising hedge ineffectiveness	Accumulated amount of fair value hedge adjustments in the Consolidated Financial Statements for hedged items that have ceased to be adjusted for hedging gains and losses	
	\$m	\$m		\$m	\$m	
123 Accounting Policies of the Group	US dollars					
134 Notes to the Consolidated Financial Statements	Fixed rate borrowings					
197 Company Balance Sheet	(579.6)	13.4	Finance costs	5.2	n/a	
198 Company Statement of Changes in Equity	The following table details the hedge ineffectiveness arising from the hedging relationship and the line item in the Income Statement in which the hedge ineffectiveness is included.					
199 Accounting Policies of the Company						
203 Notes to the Company Financial Statements						
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2020		
	Amount of hedge ineffectiveness recognised in the Income Statement	Line item in Income Statement in which the hedge ineffectiveness is included
	\$m	
Fair value hedges		
Fixed rate borrowings		
US senior notes	0.3	Finance costs
2019		
	Amount of hedge ineffectiveness recognised in the Income Statement	Line item in Income Statement in which the hedge ineffectiveness is included
	\$m	
Fair value hedges		
Fixed rate borrowings		
US senior notes	0.2	Finance costs
	0.2	

During Q3 2019, the Group redeemed its outstanding US private placement (USPP) senior notes for an aggregate redemption price of \$417.0 million (comprising \$380.0 million of outstanding notes, \$5.5 million interest expense and \$31.5 million make-whole payment).

17. Financial instruments – continued

As detailed in note 16, \$500 million US senior notes included within borrowings have been adjusted by fair value changes due to interest rate risk, as this has been hedged using interest rate swaps converting fixed interest to floating interest rates. The fair value gain of \$33.2 million on the swaps has been recognised in the Income Statement (2019: gain of \$17.6 million) which has been offset by the fair value loss on the related fixed rate debt of \$33.2 million (2019: loss of \$17.4 million). This has also been booked to the Income Statement and the net impact is immaterial.

Also detailed in note 16, the \$650 million US senior notes included within borrowings have been adjusted by fair value changes due to interest rate risk, as this has been hedged using interest rate swaps converting fixed interest to floating interest rates. The fair value gain of \$26.4 million on the swaps has been recognised in the Income Statement which has been offset by the fair value loss on the related fixed rate debt of \$26.3 million (2019: \$4.0 million gain). This has also been booked to the Income Statement and the net impact is immaterial.

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. All treasury-related activity is concentrated with relationship banks that provide unsecured committed facilities to the Group. 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 2020 and 31 December 2019, the Group had several exposures to individual counterparties. These exposures are continually monitored and reported and no individual exposure is considered significant in the ordinary course of treasury management activity. No significant losses are expected to arise from non-performance by these counterparties.

Commercial-related credit risk

The Group's exposure to commercial-related credit risk is primarily attributable to its trade and finance lease receivables and the amounts presented in the Balance Sheet are net of allowances for doubtful receivables. Sales to customers are settled in several different ways including cash, credit cards, cheques and electronic payment methods. A customer or potential customer is assessed on a case-by-case basis to determine whether credit terms will be provided. The Group does not expect any significant losses of receivables that have not been provided for, as shown in note 13.

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 16 provides a breakdown of the Group's committed borrowing facilities.

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17. 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:

2020									
	Promissory note \$m	US senior notes \$m	Bank loans and overdrafts \$m	Leases \$m	Other loans \$m	Trade payables \$m	Non-derivative financial liabilities \$m	Derivative financial liabilities \$m	Total \$m
Due within one year	0.8	53.6	–	120.5	–	151.5	326.4	4.1	330.5
Due between one and two years	0.8	53.6	–	115.7	–	–	170.1	–	170.1
Due between two and three years	0.8	53.6	–	108.2	–	–	162.6	–	162.6
Due between three and four years	0.8	53.6	–	105.0	–	–	159.4	–	159.4
Due between four and five years	0.8	53.6	–	101.5	–	–	155.9	–	155.9
Due in more than five years	22.0	1,216.2	–	1,749.8	0.3	–	2,988.3	–	2,988.3
Total	26.0	1,484.2	–	2,300.7	0.3	151.5	3,962.7	4.1	3,966.8
2019									
		US senior notes \$m	Bank loans and overdrafts \$m	Leases \$m	Other loans \$m	Trade payables \$m	Non-derivative financial liabilities \$m	Derivative financial liabilities \$m	Total \$m
Due within one year		53.6	–	126.2	–	200.1	379.9	6.4	386.3
Due between one and two years		53.6	–	120.1	–	–	173.7	(0.1)	173.6
Due between two and three years		53.6	–	114.1	–	–	167.7	(0.2)	167.5
Due between three and four years		53.6	–	107.3	–	–	160.9	0.2	161.1
Due between four and five years		53.6	–	104.2	–	–	157.8	0.5	158.3
Due in more than five years		1,323.5	–	1,818.5	0.3	–	3,142.3	0.3	3,142.6
Total		1,591.5	–	2,390.4	0.3	200.1	4,182.3	7.1	4,189.4

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

	2020		2019	
	Payable \$m	Receivable \$m	Payable \$m	Receivable \$m
Due within one year	(278.7)	277.7	(332.8)	329.4
Due between one and two years	(22.5)	25.9	(27.8)	31.2
Due between two and three years	(15.5)	18.5	(23.0)	26.4
Due between three and four years	(16.9)	18.2	(23.7)	26.4
Due between four and five years	(18.4)	17.5	(24.4)	26.5
Due in more than five years	(30.3)	22.7	(62.2)	65.6
Total	(382.3)	380.5	(493.9)	505.5

17. Financial instruments – continued

Sensitivity analysis as at 31 December 2020

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

The sensitivity analysis has been prepared on the basis that the derivative portfolio and the proportion of derivatives hedging foreign exchange risk and interest rate risk are all constant and on the basis of hedge designations in place at 31 December 2020 and 2019 respectively. As a consequence, this sensitivity analysis relates to the position at these dates and is not representative of the year then ended.

The following assumptions were made in calculating the sensitivity analysis:

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

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

	2020		2019	
	Income Statement \$m	Other comprehensive income \$m	Income Statement \$m	Other comprehensive income \$m
£/\$ FX rates – £ strengthens 10%	–	1.3	–	1.3
£/\$ FX rates – £ weakens 10%	–	(1.6)	–	(1.6)
Interest rates +1.00%	(6.4)	–	(9.2)	–
Interest rates –1.00%	6.4	–	9.2	–

The foreign exchange analysis in the sensitivity table above illustrates the impact of movements in foreign exchange rates on foreign currency transactional exposures and does not include the impact on the translation of the Group's overseas Income Statement and Balance Sheet. The translation impact on profit before tax in the Group's Income Statement from the movement in exchange rates is approximately \$0.4 million (2019: \$1.4 million) for each 1% movement in the £/\$ exchange rate.

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119	Consolidated Statement of Comprehensive Income	Beginning of year \$m	Impact of adopting IFRS 16 \$m	Exchange rate adjustments \$m	Reallocation to/from other assets/liabilities \$m	From acquisitions \$m	Charged in year \$m	Utilised in year \$m	Disposals/Transfer to Liabilities held for sale ¹ \$m	Unwind \$m	Released in year \$m	End of year \$m
120	Consolidated Balance Sheet	31 December 2020										
121	Consolidated Cash Flow Statement	Insurance	22.2	–	–	–	9.2	(10.5)	–	1.0	(0.9)	21.0
122	Consolidated Statement of Changes in Equity	Discontinued operations	10.9	–	0.1	–	3.9	(1.6)	–	0.3	–	13.6
123	Accounting Policies of the Group	Environmental	8.2	–	–	–	1.6	(1.8)	–	0.1	(0.1)	8.0
		Other	6.5	–	0.2	(2.5)	0.1	8.0	0.2	0.1	(0.7)	11.3
134	Notes to the Consolidated Financial Statements		47.8	–	0.3	(2.5)	0.1	22.7	(14.5)	0.2	1.5	53.9
197	Company Balance Sheet	31 December 2019										
198	Company Statement of Changes in Equity	Insurance	20.8	–	–	–	8.6	(8.4)	–	1.2	–	22.2
199	Accounting Policies of the Company	Discontinued operations	12.4	(2.9)	0.1	(1.3)	–	4.2	(1.9)	0.3	–	10.9
203	Notes to the Company Financial Statements	Environmental	9.0	–	–	0.1	–	1.0	(2.0)	–	–	8.2
		Warranty	10.3	–	(0.2)	–	2.6	3.1	(9.7)	0.4	(5.0)	–
210	Subsidiaries and Related Undertakings	Other	7.7	(0.7)	0.1	(0.1)	0.6	–	(0.5)	–	–	6.5
			60.2	(3.6)	–	(1.3)	3.2	16.9	(10.2)	2.0	(5.0)	47.8
218	Five Year Summary	1 As at 31 December 2020, included within liabilities classified as held for sale is a further \$1.5 million (2019: \$1.7 million) of provisions (see note 26).										
219	Shareholder Information	Insurance provisions relate to the Group's captive insurance companies. The Group's captive insurance companies retain a portion of										

1 As at 31 December 2020, included within liabilities classified as held for sale is a further \$1.5 million (2019: \$1.7 million) of provisions (see note 26).

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 (2019: 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 \$13.6 million (2019: \$10.9 million) is partially offset by expected recoveries from third parties of \$5.3 million (2019: \$4.4 million), which are included within trade and other receivables due after one year of \$4.7 million, (2019: \$3.9 million) and trade and other receivables due within one year of \$0.6 million (2019: \$0.5 million) in note 13. The liabilities have an expected life of up to 50 years (2019: 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 (2019: ten years).

Warranty provisions in 2019 related to warranties issued in the Ontic division, which was sold on 31 October 2019.

Other provisions relate to the closure of Paris-le Bourget FBO T3 (see note 2) and other trading matters. Other trading matters include liabilities for indirect taxes and property dilapidation provisions from the 2018 acquisitions of EPIC and Firstmark and 2019 acquisitions including IAM Centre. The expected life of other trading matters is up to ten years (2019: ten years).

Analysed as:	2020 \$m	2019 \$m
Current liabilities	26.6	17.5
Non-current liabilities	27.3	30.3
	53.9	47.8

19. 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 \$9.9 million (2019: \$11.1 million) of which \$6.6 million (2019: \$7.5 million) was in respect of schemes outside of the United Kingdom. This includes \$6.5 million (2019: \$8.3 million) relating to defined contribution schemes and \$0.9 million representing an exceptional past service cost related to GMP equalisation as outlined below. The pension costs and defined benefit obligation are assessed in accordance with the advice of independent qualified actuaries.

The Group acquired TAG Aviation FBO SA (TAG) in July 2020. TAG sponsors two pension arrangements in Switzerland that offer defined contributions type benefits, with some risk sharing with members. For the purposes of reporting these plans have been treated as defined contributions type arrangements with costs of \$0.1 million (2019: \$nil) included in the above figures.

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 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 plc Saving and Pension Plan, a part of the Aviva Master Trust. A significant majority of members had been fully transferred for future service before 31 December 2020 and a second consultation about ill-health and death benefits for a small number of legacy former defined benefit section members concluded in the first few weeks of 2021. For the purposes of the year-ended 31 December 2020, the Group has concluded that \$nil normal employer contributions will be made to the defined contribution section of the IPP beyond FY20.

The actuarial valuation of the UK IPP as at 31 March 2018, finalised on 27 June 2019, indicated a funding deficit of £49.6 million (\$49.6 million at rate as at 31 March 2019) excluding the Asset-Backed Funding arrangement. The Group and the Trustee agreed a schedule of deficit contributions to recover the valuation deficit that was subsequently revised later in 2019 as explained below.

During 2014, the Group agreed a new long-term funding package with the Trustee of the IPP, following the sale of APPL Limited. This new funding package replaced the deficit contributions agreed with the Trustee as part of the 2012 triennial valuation of the IPP. As part of this funding package, an Asset-Backed Funding (ABF) structure was put in place. In accordance with the implementation steps of the structure the Company made a capital contribution to a newly formed partnership of £33 million. In October 2019 Signature Aviation completed the sale of the Onic business to CVC Fund VII. In order for the sale to proceed the Trustee agreed to release a charge they held over the Asset-Backed Funding arrangement in exchange for an acceleration of the deficit contribution schedule. As a result the Group made a one-off deficit contribution payment of £30 million in October 2019 and agreed to make further deficit contributions payments to the IPP of £2.7 million per annum (paid quarterly) until March 2030 if required. The Asset-Backed Funding arrangement was unwound as part of this transaction and as such all further payments to the IPP will be made directly by the Group.

The Onic transaction in 2019 also included the disposal of the Firstmark Plan operated in the US. This plan was in deficit so there was a corresponding balance sheet gain as a result of the disposal.

During 2008, the Trustee of the IPP purchased from Legal & General Group plc (L&G) an annuity to match the liabilities associated with pensioner members. On 29 February 2020 the Company extended the initial "buy-in" policy it has with L&G through the bulk purchase of an additional tranche of annuities to cover the remaining uninsured pensioners as at March 2019. Following the extension of the policy, almost 100% of the pensioner liabilities are now insured, with children's pensions and those retiring after March 2019 not insured. The buy-in policy is a matching asset and liability and the asset value as is set has the value of the insured obligations on the accounting assumptions, as required by IAS 19. At 31 December 2020 the value of the buy-in is \$457.1 million, including \$145.1 million in respect of the additional tranche implemented during the year.

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

The US Minimum Funding actuarial valuation for the Signature Aviation retirement plan as at 1 January 2020 indicated a funding deficit of \$3.7 million (2019: \$6.3 million). As required by US law, Signature Aviation will make contribution payments that are in excess of the minimum required contribution amounts. The next actuarial valuation is due as at 1 January 2021.

The split of the defined benefit obligation at 31 December 2020 is approximately 39% in respect of deferred members and 61% in respect of pensioner members. The weighted average duration of the IPP's liabilities is approximately 15 years.

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19. 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 2020. The following weighted average financial assumptions have been adopted:

	United Kingdom		North America	
	2020	2019	2020	2019
Per annum (%)				
Discount rate	1.25	1.95	2.26	3.05
Price inflation	2.90	2.95	2.30	2.30
Rate of increase to pensions in payment	2.85	2.90	2.30	2.30

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

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

For the IPP, the mortality assumptions are based on the outcome of a recent mortality investigation undertaken for the 2018 actuarial valuation, and a best estimate view of future mortality improvements. The life expectancy assumptions applying to the IPP as at 31 December 2020 are as follows:

	2020		2019	
	Male	Female	Male	Female
Life expectancy for a current 65-year-old (years)	21.6	23.7	21.5	23.5
Life expectancy for a 65-year-old in 15 years (years)	21.8	24.9	21.7	24.7

For the US post-retirement medical plan, the immediate trend rate for medical benefits was 7.00% 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	
	2020 \$m	2019 ¹ \$m	2020 \$m	2019 \$m	2020 \$m	2019 ¹ \$m
Assets						
Equities	124.1	135.0	14.2	13.7	138.3	148.7
Government bonds	98.7	151.7	5.7	5.8	104.4	157.5
Corporate bonds (restated ¹)	52.8	71.6	11.3	11.0	64.1	82.6
Property	15.0	30.8	3.8	3.8	18.8	34.6
Insurance policies	457.1	302.2	–	–	457.1	302.2
Cash	21.6	20.7	1.5	1.0	23.1	21.7
Total fair value of scheme assets¹	769.3	712.0	36.5	35.3	805.8	747.3

¹ The Group's 2019 scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further detail is provided at the end of this note.

19. Pensions and other post-retirement benefits – continued

For the IPP, at 31 December 2020, a total of \$539.5 million of assets were not quoted on an active investment market (comprising \$46.4 million equities, \$15.0 million property, \$457.1 million of insurance policies and \$21.0 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	
	2020 \$m	2019 ¹ \$m	2020 \$m	2019 \$m	2020 \$m	2019 ¹ \$m
Present value of defined benefit obligations	(752.9)	(681.6)	(55.6)	(54.0)	(808.5)	(735.6)
Assets less obligation (restated ¹)	16.4	30.4	(19.1)	(18.7)	(2.7)	11.7
Restrictions of net defined benefit asset due to effect of the asset ceiling	(49.6)	–	–	–	(49.6)	–
Net asset/(liability) recognised on the balance sheet ¹	(33.2)	30.4	(19.1)	(18.7)	(52.3)	11.7

1 The Group's 2019 scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further detail is provided at the end of this note.

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 \$16.4 million and an additional balance sheet liability in respect of a 'minimum funding requirement' of \$33.2 million has been recognised, being the present value of the committed contributions.

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

Included within other receivables in the Balance Sheet are \$2.4 million (2019: \$2.4 million) of listed investments which are held in trust for the benefit of members of the deferred compensation plan in North America. These amounts are not included within the assets shown in the table above as they are not controlled by the plan in question.

	United Kingdom		North America		Total	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Analysis of Income Statement charge						
Net interest on the net defined benefit liability	(0.6)	0.3	0.4	0.9	(0.2)	1.2
Administration expenses	1.8	1.8	0.7	0.9	2.5	2.7
Recognition of past service cost	–	–	–	–	–	–
Recognition of past service cost – GMP equalisation	0.9	–	–	–	0.9	–
Expense recognised in Income Statement	2.1	2.1	1.1	1.8	3.2	3.9

The past service cost of \$11.1 million in 2018 and \$0.9 million in 2020 represents GMP equalisation which was recognised within exceptional and other items (see note 2).

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Financial statements		19. Pensions and other post-retirement benefits – continued					
		United Kingdom		North America		Total	
		2020	2019	2020	2019	2020	2019
		\$m	\$m	\$m	\$m	\$m	\$m
118 Consolidated Income Statement	Changes to the present value of the defined benefit obligation during the year						
119 Consolidated Statement of Comprehensive Income	Defined benefit obligation at beginning of year	681.6	637.9	54.0	58.4	735.6	696.3
120 Consolidated Balance Sheet	Interest cost	12.6	17.0	1.5	2.3	14.1	19.3
121 Consolidated Cash Flow Statement	Past service cost – GMP equalisation	0.9	–	–	–	0.9	–
122 Consolidated Statement of Changes in Equity	Actuarial losses/(gains) due to change in financial assumptions	65.7	54.1	4.3	6.6	70.0	60.7
123 Accounting Policies of the Group	Net decrease in liabilities from disposals	–	–	–	(8.9)	–	(8.9)
	Actuarial gains due to change in demographic assumptions	2.3	(9.3)	(0.5)	(0.8)	1.8	(10.1)
134 Notes to the Consolidated Financial Statements	Experience (gains)/losses on scheme liabilities	(0.8)	(1.9)	(0.2)	0.5	(1.0)	(1.4)
197 Company Balance Sheet	Net benefits paid out	(32.9)	(41.9)	(3.5)	(4.1)	(36.4)	(46.0)
198 Company Statement of Changes in Equity	Foreign currency exchange rate changes	23.5	25.7	–	–	23.5	25.7
199 Accounting Policies of the Company	Defined benefit obligation at end of year	752.9	681.6	55.6	54.0	808.5	735.6
		United Kingdom		North America		Total	
		2020	2019 ²	2020	2019	2020	2019 ²
		\$m	\$m	\$m	\$m	\$m	\$m
203 Notes to the Company Financial Statements	Changes to the fair value of scheme assets during the year						
210 Subsidiaries and Related Undertakings	Fair value of scheme assets at beginning of year	712.0	630.8	35.3	37.3	747.3	668.1
218 Five Year Summary	Interest income on scheme assets	13.2	16.7	1.1	1.4	14.3	18.1
219 Shareholder Information	Actual employer contributions	4.2	7.0	1.4	3.2	5.6	10.2
	One-off employer deficit contribution ¹	–	39.0	–	–	–	39.0
	Net benefits paid out	(32.9)	(41.9)	(3.5)	(4.1)	(36.4)	(46.0)
	Actuarial (losses)/gains on assets (restated ²)	51.1	35.4	2.9	5.5	54.0	40.9
	Net decrease/(increase) in assets from disposals	–	–	–	(7.1)	–	(7.1)
	Administration expenses	(1.8)	(1.8)	(0.7)	(0.9)	(2.5)	(2.7)
	Foreign currency exchange rate changes	23.5	26.8	–	–	23.5	26.8
	Fair value of plan assets at end of year ²	769.3	712.0	36.5	35.3	805.8	747.3
	Assets less obligation ²	16.4	30.4	(19.1)	(18.7)	(2.7)	11.7

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

² The Group's 2019 scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further detail is provided at the end of this note.

Total employer contributions to the IPP over the period were \$4.2 million, including \$2.5 million of deficit contributions and \$1.7 million in regular contributions to meet the plan expenses (including PPF levies). The Group confirmed the deficit contribution payment of \$0.9 million due in December was made on 4 January 2021 and so outside the period of reporting. As such this amount has been excluded from these figures.

At 31 December 2020, the largest single category of investment held by the IPP is annuities purchased from Legal and General which match the liabilities associated with pensioner members, with a value of \$457.1 million (59.4% of the UK asset holding at 31 December 2020). The value of these annuities has been calculated as being equivalent to the value of the pensioner liabilities which they match, using the same actuarial assumptions used to calculate the corresponding element of the defined benefit obligation. 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.

19. 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	
	2020 \$m	2019 ¹ \$m	2020 \$m	2019 \$m	2020 \$m	2019 ¹ \$m
Actual return on scheme assets (restated ¹)	64.3	52.1	4.0	6.9	68.3	59.0
	United Kingdom		North America		Total	
	2020 \$m	2019 ¹ \$m	2020 \$m	2019 \$m	2020 \$m	2019 ¹ \$m
Analysis of amounts recognised in the Statement of Comprehensive Income						
Liability (losses)/gains due to changes in financial assumptions	(65.7)	(54.1)	(4.3)	(6.6)	(70.0)	(60.7)
Liability (losses)/gains due to changes in demographic assumptions	(2.3)	9.3	0.5	0.8	(1.8)	10.1
Asset gains/(losses) arising during the year ¹	51.1	35.4	2.9	5.5	54.0	40.9
Experience gains/(losses) on scheme liabilities	0.8	1.9	0.2	(0.5)	1.0	1.4
Losses due to the effect of the asset ceiling	(49.6)	–	–	–	(49.6)	–
Total (losses)/gains before exchange rate items ¹	(65.7)	(7.5)	(0.7)	(0.8)	(66.4)	(8.3)
Exchange gains	–	1.1	–	–	–	1.1
Total (losses)/gains recognised in the Statement of Comprehensive Income ¹	(65.7)	(6.4)	(0.7)	(0.8)	(66.4)	(7.2)

¹ The Group's 2019 scheme assets have been restated by \$49.7 million due to the omission of an investment asset. Further detail is provided at the end of this note.

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 59.4% 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
Sensitivity analysis of the principal assumptions used to measure plan defined benefit obligations			
Increase of 0.25% in discount rate	(27.4)	(1.4)	(28.8)
Decrease of 0.25% in discount rate	30.3	1.5	31.8
Increase of 0.25% in inflation	28.8	0.2	29.0
Decrease of 0.25% in inflation	(22.4)	(0.2)	(22.6)
Increase of 0.25% in pension increase rate	24.8	0.2	25.0
Decrease of 0.25% in pension increase rate	(22.0)	(0.2)	(22.2)
Increase of one year in life expectancy	40.6	2.3	42.9
Decrease of one year in life expectancy	(37.5)	(2.3)	(39.8)

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118 Consolidated Income Statement	19. Pensions and other post-retirement benefits – continued			
119 Consolidated Statement of Comprehensive Income	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.			
120 Consolidated Balance Sheet	United Kingdom \$m	North America \$m	Total \$m	
121 Consolidated Cash Flow Statement	Employer contributions for 2021 are estimated to be as follows:	5.2	1.5	6.7
122 Consolidated Statement of Changes in Equity	Prior Year restatement			
123 Accounting Policies of the Group	Prior to the issuance of the 2020 Annual Report, the Group became aware that an investment asset of the BBA Income and Protection Plan (IPP) had been omitted by our retained pension advisers supporting the Group with the preparation of the Group's pensions disclosures under IAS 19. As a result of the materiality of this omission, the Group has restated the 31 December 2019 comparative results. The impact of this restatement on the Group's 2019 results is outlined below. The Group's annual and interim results prior to 31 December 2019 are not impacted and therefore we are not presenting the 31 December 2018 balance sheet as this is unchanged. Subsequent to the identification of this error, the Group has commissioned a full review of the completeness of the disclosures surrounding the IPP that are provided by our retained pension advisers. This review has been completed and no further omissions have been identified.			
134 Notes to the Consolidated Financial Statements				
197 Company Balance Sheet				
198 Company Statement of Changes in Equity	Correction of the omission has led to the following restatements of Pension balances and disclosures. A \$49.7 million increase of the Group's total fair value of scheme assets for all plans at 31 December 2019, from \$697.6 million as previously reported to \$747.3 million as restated.			
199 Accounting Policies of the Company	The Group's pension assets less pension obligations as at 31 December 2019 improved from a \$(38.0) million deficit as previously reported to an \$11.7 million surplus as restated. The actual return on scheme assets for 2019 has improved from an \$11.2 million gain as previously reported to a \$59.0 million gain as restated. The asset gain/(loss) arising in 2019 has improved from a \$(6.9) million loss as previously reported to a \$40.9 million gain as restated. The total loss recognised in the Statement of Comprehensive Income has improved from a \$(56.9) million loss as previously reported to a \$(7.2) million loss as restated, consisting of a \$47.8 million improvement in total gain/(loss) recognised on assets and \$1.9m improvement in foreign exchange adjustments.			
203 Notes to the Company Financial Statements				
210 Subsidiaries and Related Undertakings				
218 Five Year Summary	Upon recognition of the previously unreported investment asset, the Group has reviewed its deferred tax positions for the year ended 31 December 2019. This has directly resulted in a reduction of the Group's Deferred Tax Assets from \$9.1 million as previously reported to \$0.7 million as restated consisting of a \$8.1 million increase in total expense to other comprehensive income and \$0.3 million decrease in foreign exchange adjustments.			
219 Shareholder Information				
	In totality the prior year restatement has had the following impacts. The Group's Non-current Assets have increased \$3.3 million from \$4,022.9 million as previously reported to \$4,026.2 million as restated. The Group's Non-current Liabilities have reduced \$38.0 million from \$(2,424.4) million as previously reported to \$(2,386.4) million as restated. The Group's Net Assets have increased \$41.3 million from \$1,606.1 million as previously reported to \$1,647.4 million as restated.			

20. 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 2019	(5.3)	7.3	(180.3)	4.7	6.7	4.1	(162.8)
Adoption of IFRS 16 on 1 January 2019	–	(1.8)	–	–	–	–	(1.8)
Expense/(credit) for the year from continuing operations	(0.7)	34.3	(2.5)	(0.5)	(0.4)	–	30.2
Expense/(credit) for the year from ERO discontinued operations	(2.6)	21.6	(1.1)	–	–	–	17.9
Expense/(credit) for the year from Ontic discontinued operations	0.2	(12.3)	31.6	1.0	(0.5)	–	20.0
Expense/(credit) to other comprehensive income and equity ¹	–	0.4	–	–	(0.9)	1.4	0.9
Acquisitions ²	(0.2)	–	(1.8)	–	–	–	(2.0)
Disposal of business	0.3	–	13.4	–	–	–	13.7
Exchange adjustments	(0.1)	1.1	0.7	–	0.2	0.3	2.2
Balance as at 31 December 2019 ¹	(8.4)	50.6	(140.0)	5.2	5.1	5.8	(81.7)
(Credit)/expense for the year from continuing operations	(3.4)	(4.5)	(3.4)	2.5	(0.5)	0.4	(8.9)
(Credit)/expense for the year from ERO discontinued operations	(1.8)	7.3	(0.8)	–	–	–	4.7
Credit for the year from Ontic discontinued operations	–	(0.2)	–	(1.0)	–	–	(1.2)
Expense to other comprehensive income and equity	–	–	–	–	6.6	1.3	7.9
Acquisitions ¹	–	–	(2.5)	–	–	–	(2.5)
Exchange adjustments	(0.2)	0.4	(0.4)	0.1	0.1	0.3	0.3
Balance as at 31 December 2020	(13.8)	53.6	(147.1)	6.8	11.3	7.8	(81.4)

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19.

² Included within the acquisitions of \$2.5 million (2019: \$2.0 million) is \$nil (2019: \$nil) deferred tax asset that was acquired and not accounted for as a business combination under IFRS 3 and hence not presented under note 25.

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:

	2020 \$m	2019 \$m
Deferred tax liabilities	(96.8)	(82.4)
Deferred tax assets	15.4	0.7
	(81.4)	(81.7)

At the balance sheet date, the Group has gross temporary differences and tax losses of \$1.3 billion (2019: \$1.2 billion) available for offset against future profits for which deferred tax has not been recognised. These assets have not been recognised as the precise incidence of future profits in the relevant countries and legal entities cannot be accurately predicted at this time. Other losses may be carried forward indefinitely under current tax legislation.

At balance sheet date, the value of unremitted earnings of the Group's subsidiaries on which no deferred tax liability has been provided is \$42.8m (2019: \$41.1m). 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.

Notes to the Consolidated Financial Statements – continued

Financial statements

	21. Share capital and reserves	Allotted, called up and fully paid	
		2020 millions	2019 millions
118 Consolidated Income Statement	Share capital		
119 Consolidated Statement of Comprehensive Income	Number of shares		
120 Consolidated Balance Sheet	Ordinary 37 ¹⁷ / ₆₄ p shares (2019: 37 ¹⁷ / ₆₄ p shares)		
121 Consolidated Cash Flow Statement	At the start of the year	838.5	1,046.3
122 Consolidated Statement of Changes in Equity	Issued during the year	1.2	1.9
123 Accounting Policies of the Group	Share consolidation during the year		(209.7)
134 Notes to the Consolidated Financial Statements	At the end of the year	839.7	838.5
197 Company Balance Sheet	5% cumulative preference £1 shares at the start and end of the year	0.2	0.2
198 Company Statement of Changes in Equity	Nominal value of shares	2020 \$m	2019 \$m
199 Accounting Policies of the Company	Equity shares		
203 Notes to the Company Financial Statements	Ordinary 37 ¹⁷ / ₆₄ p shares (2019: 37 ¹⁷ / ₆₄ p shares)	510.6	510.1
210 Subsidiaries and Related Undertakings	Non-equity shares		
218 Five Year Summary	5% cumulative preference £1 shares	0.2	0.2
219 Shareholder Information	Issue of share capital		
	During the year, the Group issued 1.2 million ordinary 37 ¹⁷ / ₆₄ p shares (2019: 1.9 million ordinary 29 ¹⁸ / ₂₁ p shares) to satisfy the vesting of share awards under the Signature Aviation plc share option schemes. The consideration for shares issued in respect of share options was \$0.5 million (2019: \$0.8 million).		
	Share consolidation		
	On 22 November 2019, the Company undertook a consolidation of existing ordinary shares on the basis of 4 ordinary shares with nominal value of 37 ¹⁷ / ₆₄ p pence for every 5 existing ordinary shares.		
		2020 \$m	2019 \$m
	Reserves attributable to equity interests:		
	Share premium account		
	Beginning of year	1,594.5	1,594.5
	Issue of share capital	–	–
	End of year	1,594.5	1,594.5
	Other reserve		
	Beginning of year	(10.5)	(7.2)
	Fair value movements in assets classified as financial instruments through other comprehensive income	–	(3.3)
	End of year	(10.5)	(10.5)
	Treasury reserve		
	Beginning of year	(95.7)	(95.3)
	Purchase of own shares	(2.9)	(7.3)
	Sale/transfer of own shares	0.6	2.4
	Transfer to retained earnings	1.3	4.5
	End of year	(96.7)	(95.7)
	Capital reserve		
	Beginning of year	56.6	56.2
	Credit to equity for equity-settled share-based payments	6.0	8.6
	Transfer to retained earnings on exercise of equity-settled share-based payments	(7.9)	(8.2)
	End of year	54.7	56.6

21. Share capital and reserves – continued

	2020 \$m	2019 \$m
Hedging reserve		
Beginning of year	(7.5)	(4.6)
Decrease in fair value of interest rate cash flow hedges	–	(2.4)
Transfer fair value relating to interest rate cash flow hedges to Income Statement	–	(2.2)
Increase in fair value of foreign exchange cash flow hedges	0.1	2.3
Transfer fair value relating to foreign exchange cash flow hedges to Income Statement	0.2	(0.6)
End of year	(7.2)	(7.5)
Translation reserve		
Beginning of year	(73.1)	(101.1)
Exchange differences on translation of foreign operations (restated ¹)	7.8	3.8
Recycling of translational exchange differences accumulated in equity upon disposal of subsidiary	–	24.2
End of year	(65.3)	(73.1)
Retained earnings		
Beginning of year	(329.4)	(9.9)
Adoption of IFRS 16	–	5.3
Balance at 1 January 2019 after adoption of IFRS 16	(329.4)	(4.6)
(Loss)/profit for the year attributable to equity holders of Signature Aviation plc	(9.6)	659.1
Actuarial losses (restated ¹)	(66.4)	(8.3)
Deferred tax on items taken directly to reserves (restated ¹)	6.6	1.6
Dividends paid	–	(980.9)
Transfer from capital reserve on exercise of equity-settled share-based payments	7.9	8.2
Transfer from treasury reserve	(1.3)	(4.5)
Change in non-controlling interests	0.8	–
End of year	(391.4)	(329.4)

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19.

At 31 December 2020, 1,242,249 ordinary 37¹/₆₄p shares (2019, 1,305,558 ordinary 37¹/₆₄p shares) with a nominal value of £0.5 million (2019: £0.5 million) and a market value of \$6.6 million (2019: \$5.5 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances.

Rights of non-equity interests

5% cumulative preference £1 shares:

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

Rights of equity interests in 37¹/₆₄p ordinary shares (2019: 37¹/₆₄p ordinary shares)

The rights of equity interests in 37¹/₆₄p shares (2019: 37¹/₆₄p ordinary shares):

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

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	22. Share-based payments
119 Consolidated Statement of Comprehensive Income	Equity-settled share-based payments
120 Consolidated Balance Sheet	The number of options and the associated share prices in the tables below have been adjusted to reflect the bonus element of the shares issued under the terms of the rights issue.
121 Consolidated Cash Flow Statement	(i) Share options
122 Consolidated Statement of Changes in Equity	The Group plan provides for a grant price equal to the average of the middle market price of a Signature Aviation plc ordinary share up to five dealing days prior to the date of grant. The vesting period is generally three years. Share options are forfeited if the employee leaves the Group before the options vest.
123 Accounting Policies of the Group	Details of the share options outstanding during the year are as follows:
134 Notes to the Consolidated Financial Statements	
197 Company Balance Sheet	
198 Company Statement of Changes in Equity	
199 Accounting Policies of the Company	
203 Notes to the Company Financial Statements	
210 Subsidiaries and Related Undertakings	
218 Five Year Summary	
219 Shareholder Information	

	2020		2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	2,390,668	239p	3,169,994	205p
Granted during the year	695,293	207p	816,339	257p
Exercised during the year	(281,329)	235p	(1,265,947)	168p
Lapsed during the year	(931,550)	250p	(329,718)	226p
Outstanding at the end of the year	1,873,082	223p	2,390,668	239p

The weighted average share price at the date of exercise for share options exercised during the period was 301p (2019: 316p). The options outstanding at 31 December 2020 had a weighted average remaining contractual life of 32 months (2019: 33 months), and an exercise price range of 160p to 257p (2019: 160p to 303p). 695,293 (2019: 816,339) options over shares were granted under the BBA Savings Related Share Option Plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and calculated using the valuation technique most appropriate to each type of award. These include Black-Scholes calculations and Monte Carlo simulations. The inputs into the models were as follows:

	Issued in October 2020	Issued in September 2019
Weighted average share price (pence)	245	312
Weighted average exercise price (pence)	207	257
Expected volatility (%)	36.2%	23.8%
Expected life (months)	44.65	41.8
Risk-free rate (%)	(0.04)%	0.37%
Expected dividend yield (%)	0.00%	3.60%

22. Share-based payments – continued

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of time equivalent to the remaining contractual life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) Share awards

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

	Number of shares 2020	Number of shares 2019
Outstanding at the beginning of the year	9,198,338	10,092,360
Granted during the year	3,700,344	3,921,220
Exercised during the year	(2,317,164)	(3,401,509)
Lapsed during the year	(1,312,879)	(1,413,733)
Outstanding at the end of the year	9,268,639	9,198,338

The awards outstanding at 31 December 2020 had a weighted average remaining contractual life of 28 months (2019: 27 months). The weighted average fair value of conditional shares granted in the year was 195p (2019: 193p).

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted and calculated using the valuation technique most appropriate to each type of award. These include Black-Scholes calculations and Monte Carlo simulations. The inputs into the model were as follows:

	Issued in March 2020	Issued in March 2019
Weighted average share price (pence)	234	236
Expected volatility (%)	23.2%	23.2%
Expected life (months)	36	36
Risk-free rate (%)	0.17%	0.75%
Expected dividend yield (%)	5.27%	4.60%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of time equivalent to the remaining contractual life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(iii) Expense charged to Income Statement

The Group recognised a total expense of \$5.8 million (2019: \$8.6 million) related to equity-settled share-based payment transactions and \$nil (2019: \$nil) related to cash-settled share-based payment transactions during the year. \$nil million (2019: \$0.5 million) of that expense was classified as exceptional and other items in relation to restructuring and the disposal of Ontic.

(iv) Other share-based payment plan

The Company's Savings Related Share Option Plan is open to all eligible UK employees. Options are granted at a price equal to the average three-day middle market price of a Signature Aviation plc ordinary share prior to the date of grant, less 20%. Options are granted under three- or five-year SAYE contracts. The maximum overall employee contribution is £500 per month.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	23. Net cash flow from operating activities		
	All Alternative Performance Measures are reconciled to IFRS measures and explained in note 30.		
119 Consolidated Statement of Comprehensive Income		2020 \$m	2019 \$m
120 Consolidated Balance Sheet	Operating profit	104.6	204.9
121 Consolidated Cash Flow Statement	Operating profit from ERO discontinued operations	48.8	52.8
	Operating profit from Ontic discontinued operations	–	55.0
	Less: share of profit from associates and joint ventures	(4.0)	(4.1)
122 Consolidated Statement of Changes in Equity	Profit from operations	149.4	308.6
123 Accounting Policies of the Group	Depreciation of property, plant and equipment	68.5	67.8
	Depreciation of right of use asset	83.2	89.7
134 Notes to the Consolidated Financial Statements	Amortisation of intangible assets	80.8	95.3
	Profit on sale of property, plant and equipment	1.7	0.7
197 Company Balance Sheet	Share-based payment expense	5.8	8.6
198 Company Statement of Changes in Equity	Increase in provisions	6.5	(2.5)
	Pension scheme payments	(3.3)	(8.0)
199 Accounting Policies of the Company	Other non-cash items	1.7	19.2
	Unrealised foreign exchange movements	1.1	(0.4)
203 Notes to the Company Financial Statements	Operating cash inflows before movements in working capital	395.4	579.0
	Increase in working capital	(14.3)	(70.3)
210 Subsidiaries and Related Undertakings	Cash generated by operations	381.1	508.7
218 Five Year Summary	Net income taxes paid	(74.8)	(41.7)
219 Shareholder Information	Net cash inflow from operating activities	306.3	467.0
	Dividends received from associates and joint ventures	2.7	3.2
	Purchase of property, plant and equipment	(70.0)	(68.4)
	Purchase of intangible assets ¹	(14.3)	(11.1)
	Proceeds from disposal of property, plant and equipment	0.3	5.1
	Interest received	0.8	4.4
	Interest received on sublease assets	1.6	1.8
	Receipt of capital element of sublease assets	2.8	2.7
	Interest paid	(50.0)	(71.5)
	Interest paid on lease liabilities	(77.0)	(76.2)
	Payments of lease liabilities	(60.1)	(69.8)
	Free cash flow	43.1	187.2

¹ Purchase of intangible assets excludes \$nil million (2019: \$1.1 million) paid in relation to Ontic licences, not accounted for as acquisitions under IFRS 3 since the directors believe these payments are more akin to expenditure in relation to acquisitions, and are therefore outside the Group's definition of free cash flow. These amounts are included within purchase of intangible assets on the face of the Cash Flow Statement.

24. Analysis of changes in net debt

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

	At 1 January 2019 \$m	Adoption of IFRS 16 \$m	Cash (inflow)/ outflow ¹ \$m	Fair value adjustments \$m	Foreign exchange movements \$m	Amortisation costs \$m	New lease liabilities \$m	Net acquisitions and disposals \$m	Reclassify between categories \$m	At 31 December 2019 \$m
Bank loans	(565.3)	–	572.0	–	–	(1.7)	–	–	–	5.0
US private placement senior notes	(376.8)	–	380.0	(2.1)	–	(1.1)	–	–	–	–
US senior notes ²	(494.2)	–	(641.7)	(9.4)	–	(0.4)	–	–	–	(1,145.7)
Other loans	(0.3)	–	–	–	–	–	–	–	–	(0.3)
Bank overdraft	(1.5)	–	1.5	–	–	–	–	–	–	–
Lease liabilities for covenants ⁴	(4.3)	–	–	–	–	–	–	–	4.3	–
Arising from financing activities	(1,442.4)	–	311.8	(11.5)	–	(3.2)	–	–	4.3	(1,141.0)
Cash and cash equivalents	109.3	–	9.9	–	1.2	–	–	–	(7.2)	113.2
Net debt per Balance Sheet excluding lease liabilities ³	(1,333.1)	–	321.7	(11.5)	1.2	(3.2)	–	–	(2.9)	(1,027.8)
Lease liabilities	–	(1,122.8)	59.6	–	(3.8)	–	(99.9)	(10.6)	(4.3)	(1,181.8)
Net debt per Balance Sheet including lease liabilities ^{2,4}	(1,333.1)	(1,122.8)	381.3	(11.5)	(2.6)	(3.2)	(99.9)	(10.6)	(7.2)	(2,209.6)
Less fair value adjustments	1.9	–	–	11.5	–	–	–	–	–	13.4
Net debt classified as held for sale ⁵	(1.0)	(63.3)	13.5	–	(0.6)	–	(10.3)	–	7.2	(54.5)
Net debt related to disposal business ⁵	–	(13.9)	0.9	–	–	–	–	13.0	–	–
Net debt per Cash Flow ^{2,3}	(1,332.2)	(1,200.0)	395.7	–	(3.2)	(3.2)	(110.2)	2.4	–	(2,250.7)

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

2 Within the Group's definition of net debt the senior notes are included at their face value of \$1,150 million (2019: \$1,150 million) reflecting the fact that the liabilities will be in place until maturity. This is \$59.5 million lower (2019: \$13.4 million lower) than its carrying value.

3 All Alternative Performance Measures are reconciled to IFRS measures and explained in note 30.

4 From 2019 the net debt definition excludes all lease liabilities including the original IAS 17 leases. The incremental impact of adopting IFRS 16 in 2019 on the Group's total Net debt was an increase of \$1,242.4 million.

5 Cash outflows within net debt classified as held for sale for the year ended 31 December 2020 includes \$nil repayment of borrowings (2019: \$3.0 million) and \$9.3 million payment of lease liabilities (2019: \$10.5 million). Net debt movements related to the disposal business reflect Ontic business's lease values on adoption of IFRS 16, repayments and the value at disposal.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118 Consolidated Income Statement	25. Acquisition of businesses
	During the year the Group made the following acquisitions:
119 Consolidated Statement of Comprehensive Income	On 31 July 2020, the Group's Signature business purchased aviation services provider TAG Aviation FBO SA, comprising two FBOs in Switzerland for a total consideration of \$23.2 million.
120 Consolidated Balance Sheet	On 18 December 2020, the Group's Signature business acquired the remaining 50% stake in Long Beach Fuel Consortium LLC for \$nil consideration.
121 Consolidated Cash Flow Statement	In the period since acquisition, the operations acquired during 2020 have contributed \$4.8 million and a loss of \$0.2 million to revenue and operating profit respectively. If the acquisitions had occurred on the first day of the financial year, it is estimated that the total revenue and operating loss from these acquisitions would have been \$12.9 million and \$0.3 million respectively.
122 Consolidated Statement of Changes in Equity	
123 Accounting Policies of the Group	The provisional fair values of the net assets acquired, measurement period adjustments and goodwill arising on these acquisitions are set out below:
134 Notes to the Consolidated Financial Statements	
197 Company Balance Sheet	
198 Company Statement of Changes in Equity	
199 Accounting Policies of the Company	
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During the year \$0.5 million was received in relation to the final working capital adjustment for the prior year acquisition of IAM Jet Centre.

In 2019, \$2.9 million of final working capital adjustment was paid in relation to the 2018 acquisition of EPIC and \$0.4 million of final working capital adjustment was paid in relation to the 2018 acquisition of Firstmark.

In 2019, \$11.5 million of deferred and contingent consideration was paid in relation to prior year acquisitions in Ontic.

25. Acquisition of businesses – continued

TAG Aviation FBO SA

	Net book value on the opening balance sheet \$m	Debt paid off on acquisition \$m	Fair value adjustment \$m	TAG Aviation Total \$m
Intangible assets	–	–	17.8	17.8
Property, plant and equipment	1.2	–	(0.4)	0.8
Right of use assets	–	–	5.1	5.1
Receivables	1.6	–	(0.3)	1.3
Cash	2.3	–	0.0	2.3
Payables	(2.7)	–	(0.2)	(2.9)
Lease liabilities	–	–	(5.3)	(5.3)
Deferred tax	–	–	(2.5)	(2.5)
Borrowings	(13.9)	13.9	–	–
Net assets	(11.5)	13.9	14.2	16.6
Goodwill				6.6
Total consideration				23.2

Prior period acquisitions

On 24 June 2019, the Group's Ontic business acquired an exclusive licence agreement for signal conditioners, military chip detectors, cockpit indicators and connector harnesses from Meggitt for a total consideration of \$12.0 million. Ontic paid \$11.5 million upfront and the remaining \$0.5 million was deferred consideration.

On 5 July 2019, the Group's Ontic business acquired an exclusive licence agreement for the Doppler Radar product line (including associated drift indicator and hover meter units) from Thales UK Limited for a total consideration of \$1.7 million.

On 27 September 2019, the Group's Ontic business acquired an exclusive licence agreement for brake assembly, wind flap and winch retrieving for the C-130 platform from GE Aviation Systems LLC for a total consideration of \$4.2 million.

On 1 October 2019 Signature purchased aviation services provider IAM Jet Centre and its affiliated companies, supporting our strategy to upgrade the quality and reach of our global network by significantly expanding our footprint and service offer in the Caribbean for a total consideration of \$33.0 million, which includes \$0.5 million received in relation to the final working capital true up during 2020.

Notes to the Consolidated Financial Statements – continued**Financial statements**

118	Consolidated Income Statement
119	Consolidated Statement of Comprehensive Income
120	Consolidated Balance Sheet
121	Consolidated Cash Flow Statement
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26. Disposals and assets and associated liabilities classified as held for sale**GAMA disposal**

On 2 March Signature sold its 24.5% stake in GAMA Aviation (GASAM) for \$20.0 million to Wheels Up Partners LLC. Under the terms of the sale of GASAM the consideration paid by Wheels Up Partners LLC was made up of an upfront payment of \$12.5 million payable at settlement, and a Promissory Note with the principal amount of \$7.5 million over eight equal bi-annual payments (with compounding monthly interest payments). There was a \$2 million gain on the disposal.

ERO divestiture

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

As disclosed in note 29, on 17 February 2021, the sale of the ERO business was announced, with a gross consideration of \$230 million.

Following its classification as held for sale the asset group is held at the lower of fair value less costs to sell and net book value.

The fair values of the assets held for sale 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.

Results of ERO discontinued operations

	Notes	2020			2019		
		Underlying ¹ \$m	Exceptional and other items \$m	Total \$m	Underlying ¹ \$m	Exceptional and other items \$m	Total \$m
Revenue	1	507.4	–	507.4	538.3	–	538.3
Cost of sales		(425.8)	–	(425.8)	(440.9)	–	(440.9)
Gross profit		81.6	–	81.6	97.4	–	97.4
Distribution costs		(26.9)	–	(26.9)	(33.1)	–	(33.1)
Administrative expenses		(17.5)	–	(17.5)	(22.9)	–	(22.9)
Operating profit including Group charges		37.2	–	37.2	41.4	–	41.4
Elimination of internal Group charges		11.6	–	11.6	11.4	–	11.4
Operating profit	1, 2	48.8	–	48.8	52.8	–	52.8
Transaction costs ²		–	(2.6)	(2.6)	–	(2.8)	(2.8)
Finance costs	3	(4.0)	–	(4.0)	(4.6)	–	(4.6)
Impairment and other charges on classification as held for sale		–	(41.7)	(41.7)	–	(124.7)	(124.7)
Profit/(loss) before tax		44.8	(44.3)	0.5	48.2	(127.5)	(79.3)
Tax (charge)/credit	4	(8.5)	8.2	(0.3)	(8.2)	23.3	15.1
Profit/(loss) for the year		36.3	(36.1)	0.2	40.0	(104.2)	(64.2)
Attributable to:							
Equity holders of Signature Aviation plc		36.3	(36.1)	0.2	40.0	(104.2)	(64.2)
Non-controlling interests		–	–	–	–	–	–
Profit/(loss) for the year		36.3	(36.1)	0.2	40.0	(104.2)	(64.2)
Earnings per share	Note	Adjusted ¹		Unadjusted	Adjusted ¹		Unadjusted
Basic	6	4.4¢		–	3.9¢		(6.3)¢
Diluted	6	4.3¢		–	3.9¢		(6.3)¢

1 Underlying profit and adjusted earnings per share is stated before exceptional and other items.

2 Transaction costs of \$2.6 million (2019: \$2.8 million) comprise costs to sell incurred to date.

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

Cash flows from ERO discontinued operations

	2020 \$m	2019 \$m
Net cash inflow from operating activities	36.6	51.8
Net cash outflow from investing activities	(5.0)	(10.8)
Net cash outflow from financing activities	(13.4)	(20.0)
Net cash inflow for the year ¹	18.2	21.0

¹ Net cash flows in the year comprise \$48.8 million (2019: \$52.8 million) operating profit, \$2.6 million (2019: \$2.8 million) transaction costs, \$7.9 million outflow (2019: \$2.6 million inflow) working capital movement, \$0.2 million outflow (2019: \$0.6 million inflow) non-cash items and \$0.4 million (2019: \$0.2 million) tax paid in relation to ERO discontinued operations.

Effect of the disposal group on financial position of the Group

	Notes	2020 \$m	2019 \$m
Assets held for sale			
Non-current assets			
Other intangible assets	8	–	1.9
Property, plant and equipment	9	–	6.5
Right of use assets		28.7	48.6
		28.7	57.0
Current assets			
Inventories	12	135.5	167.0
Trade receivables	13	126.4	120.5
Other receivables	13	5.8	4.4
Cash and cash equivalents	13	3.1	9.2
		270.8	301.1
Total assets held for sale		299.5	358.1
Liabilities held for sale			
Current liabilities			
Trade payables	14	(60.5)	(75.4)
Other payables	14	(30.2)	(38.9)
Lease liabilities		(7.9)	(9.3)
Provisions	18	(0.6)	(0.8)
		(99.2)	(124.4)
Non-current liabilities			
Other payables	14	(1.8)	(0.8)
Lease liabilities		(54.3)	(54.4)
Provisions	18	(0.9)	(0.9)
		(57.0)	(56.1)
Total liabilities held for sale		(156.2)	(180.5)
Net assets held for sale¹		143.3	177.6

¹ The net assets of the ERO business held for sale as at 31 December 2020 exclude deferred tax assets of \$7.1 million (2019: \$18.7 million deferred tax assets) and tax liabilities of \$6.7 million (2019: \$3.8 million) which remain within the Group tax position.

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26. Disposals and assets and associated liabilities classified as held for sale – continued**Ontic divestiture**

On 30 July 2019, the Group announced that it had entered into an agreement to sell the Ontic business to Bleriot US Bidco Inc, an entity controlled by CVC Fund VII for cash consideration of \$1,365 million on a cash-free and debt-free basis. The transaction completed on 31 October 2019. In the year ending 31 December 2020, a further gain on the Ontic disposal of \$6.6 million was reported in exceptional and other items including a \$2.5 million working capital cash receipt. (2019: The gain on disposal of \$724.0 million includes \$40.0 million of transaction costs, \$24.2 million recycling of translational differences accumulated in equity, and the gain/(loss) on disposal.)

The tax payable on the gain on disposal was reduced by \$10.2 million, due to the impact of the CARES Act on US tax regulations applicable to the Group.

Results of Ontic discontinued operations

	Notes	2020			2019		
		Underlying ¹ \$m	Exceptional and other items \$m	Total \$m	Underlying ¹ \$m	Exceptional and other items \$m	Total \$m
Revenue	1	–	–	–	218.6	–	218.6
Cost of sales		–	–	–	(111.5)	–	(111.5)
Gross profit		–	–	–	107.1	–	107.1
Distribution costs		–	–	–	(0.6)	–	(0.6)
Administrative expenses		–	–	–	(41.9)	(12.5)	(54.4)
Operating profit/(loss) including Group charges	1, 2	–	–	–	64.6	(12.5)	52.1
Elimination of internal Group charges		–	–	–	2.9	–	2.9
Operating profit/(loss)	1, 2	–	–	–	67.5	(12.5)	55.0
Finance costs	3	–	–	–	(0.9)	–	(0.9)
Gain on disposal		–	6.6	6.6	–	724.0	724.0
Profit before tax		–	6.6	6.6	66.6	711.5	778.1
Tax credit/(charge)	4	–	2.7	2.7	(12.2)	(83.2)	(95.4)
Profit for the year		–	9.3	9.3	54.4	628.3	682.7
Attributable to:							
Equity holders of Signature Aviation plc		–	9.3	9.3	54.4	628.3	682.7
Non-controlling interests		–	–	–	–	–	–
Profit for the year		–	9.3	9.3	54.4	628.3	682.7
Earnings per share	Note	Adjusted ¹		Unadjusted	Adjusted ¹		Unadjusted
Basic	6	–		1.1¢	5.4¢		67.5¢
Diluted	6	–		1.1¢	5.3¢		67.0¢

1 Underlying profit and adjusted earnings per share is stated before exceptional and other items.

Cash flows from/(used in) Ontic discontinued operations

	2020 \$m	2019 \$m
Net cash inflow from operating activities	–	37.8
Net cash outflow from investing activities	–	(33.4)
Net cash outflow from financing activities	–	(2.3)
Net cash inflow for the year ¹	–	2.1

1 Net cash flows in the year comprise \$nil million (2019: \$55.0 million) operating profit, \$nil million (2019: \$31.7 million) outflow working capital movement, \$nil million (2019: \$1.1 million) non-cash items and \$nil million (2019: \$0.1 million) tax paid in relation to Ontic discontinued operations.

27. Government grants

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

	2020 \$m	2019 \$m
Received during the year	61.2	–
Income statement		
Released to the statement of profit and loss	(61.2)	–
	(61.2)	–

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

The total amount of the CARES Act grant awarded to Signature Flight Support LLC was \$61.2 million.

In the year to 31 December 2020, \$61.2 million (this is the amount of US employee payroll salaries and benefits incurred between 19 June and 31 December 2020 that is eligible to be offset against the CARES Act grant) of the grant had been offset against payroll costs in the underlying results.

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

Signature Flight Support LLC has entered into a promissory note of \$18.6 million from the US Treasury Department, under Section 4003 'Lending to Air Carriers and Businesses Critical to National Security' of the CARES Act (Section 4003(c)(2) of the CARES Act) (note 16).

Under the CARES Act, the Group was also able to defer \$7.4m of payroll taxes to December 2021.

28. 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 are detailed below.

Compensation of key management personnel

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

	2020 \$m	2019 \$m
Short-term benefits	5.6	10.5
Post-employment benefits	0.6	0.7
Share-based payments	1.2	2.8
	7.4	14.0

Post-employment benefits include contributions of \$0.6 million (2019: \$0.7 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 Directors' Remuneration Report on pages 78 to 108.

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		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Associates and joint ventures	146.9	151.2	402.8	673.1	14.8	26.4	34.9	23.3

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 \$14.8 million (2019: \$26.4 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 19.

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29. Post Balance Sheet events

On 5 February 2021 the Group announced that the Directors of the Group recommended to shareholders the acceptance of a formal Rule 2.7 cash offer from Brown Bidco Limited (a newly formed company to be indirectly owned by joint offerors (i) Blackstone Infrastructure and Blackstone Core Equity, (ii) Global Infrastructure Partners and (iii) Cascade). This offer is subject to shareholder, regulatory and other approvals.

On 17 February 2021 the sale of the Engine Repair and Overhaul (ERO) business to StandardAero, a portfolio company of the Carlyle Group, was announced. The gross consideration is \$230 million subject to customary adjustments for net debt, net working capital and transaction expenses.

In relation to the EU State Aid investigation that concluded the UK's Controlled Foreign Company regime partially represented State Aid and the UK authorities' subsequent appeal of this decision, on 23 February 2021, management received confirmation from HMRC that the Group has not been a beneficiary of State Aid.

30. 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 Group adopted IFRS 16 in the year ended 31 December 2019. To aid understanding of the Group's underlying business performance, a reconciliation has been presented below to a pre IFRS 16 basis. The Group's banking covenants are currently measured on a pre IFRS 16 basis, and so it is considered that these specific Alternative Performance Measures will continue to be appropriate until such time as the covenants change.

The Alternative Performance Measures we use are: organic revenue growth, underlying operating profit and margin, EBITDA and underlying EBITDA, underlying profit before tax, underlying deferred tax, adjusted basic and diluted earnings per ordinary share, return on invested capital, 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. Where applicable, divisional measures are calculated in accordance with Group measures.

Where applicable, divisional measures are calculated in accordance with Group measures.

Exceptional and other items

The Group's Income Statement and segmental analysis separately identify 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 Signature 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.

30. Alternative Performance Measures – continued

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.

	2020 \$m	2019 \$m
Revenue prior year (continuing operations)	2,260.5	2,131.3
Revenue prior year (ERO discontinued operations)	538.3	533.6
Revenue prior year (Ontic discontinued operations)	218.6	216.0
Reported revenue prior year (continuing and discontinued operations)	3,017.4	2,880.9
Rebase for foreign exchange movements ¹	1.9	(9.6)
Rebase for fuel price movements ²	(306.4)	(71.8)
Rebase for disposals and discontinued operations ³	(766.6)	(754.3)
Rebase for leap year	4.1	–
Rebased comparative revenue	1,950.4	2,045.2
Reported revenue current year (continuing and discontinued operations)	1,921.3	3,017.4
Add: Impact of adopting IFRS 16 (continuing)	–	4.5
Less: Contribution from ERO discontinued operations (note 26)	(507.4)	(538.3)
Less: Contribution from Ontic discontinued operations (note 26)	–	(218.6)
Less: Contributions from acquisitions ⁴	(17.9)	(235.5)
Organic revenue	1,396.0	2,029.5
Organic revenue growth/(decline) from continuing operations	(28.4%)	(0.8%)

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 \$9.7 million relating to closures of FBOs (2019: \$4.7 million).

⁴ Contributions from acquisitions relate to \$13.1m from the IAM Jet Centre acquisition on 1 October 2019 and \$4.8m from the TAG Aviation FBO SA acquisition on 31 July 2020. See note 25 for further information.

Notes to the Consolidated Financial Statements – continued**Financial statements**

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119 Consolidated Statement of Comprehensive Income	Underlying operating profit and margin						
120 Consolidated Balance Sheet	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.						
121 Consolidated Cash Flow Statement	A reconciliation from operating profit, the most directly comparable IFRS measure, to the underlying operating profit and margin is set out below.						
122 Consolidated Statement of Changes in Equity	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m	
123 Accounting Policies of the Group	Operating profit	153.4	104.6	48.8	312.7	204.9	107.8
134 Notes to the Consolidated Financial Statements	Add: Exceptional and other items						
197 Company Balance Sheet	Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3	73.7	73.7	–	86.3	73.8	12.5
198 Company Statement of Changes in Equity	Amounts related to previously disposed businesses	5.9	5.9	–	36.5	36.5	–
199 Accounting Policies of the Company	Restructuring costs	8.6	8.6	–	5.6	5.6	–
203 Notes to the Company Financial Statements	Exceptional and other items	88.2	88.2	–	128.4	115.9	12.5
210 Subsidiaries and Related Undertakings	Underlying operating profit	241.6	192.8	48.8	441.1	320.8	120.3
218 Five Year Summary	Underlying operating margin	12.6%	13.6%	9.6%	14.6%	14.2%	15.9%
219 Shareholder Information	IFRS 16 impact on operating profit						
	Operating profit	153.4	104.6	48.8	312.7	204.9	107.8
	Impact of IFRS 16	(54.6)	(42.3)	(12.3)	(57.3)	(44.4)	(12.9)
	Operating profit pre IFRS 16	98.8	62.3	36.5	255.4	160.5	94.9
	Operating profit pre IFRS 16 margin	5.1%	4.4%	7.2%	8.5%	7.1%	12.5%
	IFRS 16 impact on underlying operating profit						
	Underlying operating profit	241.6	192.8	48.8	441.1	320.8	120.3
	Impact of IFRS 16	(52.3)	(40.0)	(12.3)	(57.3)	(44.4)	(12.9)
	Underlying operating profit pre IFRS 16	189.3	152.8	36.5	383.8	276.4	107.4
	Underlying operating profit pre IFRS 16 margin	9.9%	10.8%	7.2%	12.7%	12.2%	14.2%

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.

30. Alternative Performance Measures – continued

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

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
(Loss)/profit for the year	(9.5)	(19.0)	9.5	659.5	41.0	618.5
Add: Finance costs	129.6	125.6	4.0	185.7	180.2	5.5
Less: Investment income	(2.2)	(2.2)	–	(11.2)	(11.2)	–
Add: Tax (credit)/charge	(7.6)	(5.2)	(2.4)	62.7	(17.6)	80.3
Add: Depreciation and amortisation	232.5	232.5	–	252.8	235.0	17.8
Add: Other impairment losses	4.6	4.6	–	12.5	12.5	–
Add: ERO impairment and other charges	41.7	–	41.7	127.5	–	127.5
Add: Transaction costs	5.4	2.8	2.6	–	–	–
Less: Gain on other disposals	(2.0)	(2.0)	–	–	–	–
Less: Gain on disposal of Ontic	(6.6)	–	(6.6)	(724.0)	–	(724.0)
EBITDA	385.9	337.1	48.8	565.5	439.9	125.6
Restructuring costs	8.6	8.6	–	5.6	5.6	–
Other exceptional items	5.9	5.9	–	36.5	36.5	–
Underlying EBITDA	400.4	351.6	48.8	607.6	482.0	125.6

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

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
IFRS 16 impact on profit for the year						
Profit for the year	(9.5)	(19.0)	9.5	659.5	41.0	618.5
Impact of IFRS 16	37.9	23.9	14.0	30.3	19.1	11.2
Profit for the year pre IFRS 16	28.4	4.9	23.5	689.8	60.1	629.7
IFRS 16 impact on EBITDA						
EBITDA	385.9	337.1	48.8	565.5	439.9	125.6
Impact of IFRS 16	(137.8)	(125.5)	(12.3)	(147.0)	(133.3)	(13.7)
EBITDA pre IFRS 16	248.1	211.6	36.5	418.5	306.6	111.9
IFRS 16 impact on underlying EBITDA						
Underlying EBITDA	400.4	351.6	48.8	607.6	482.0	125.6
Impact of IFRS 16	(135.5)	(123.2)	(12.3)	(147.0)	(133.3)	(13.7)
Underlying EBITDA pre IFRS 16	264.9	228.4	36.5	460.6	348.7	111.9

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30. Alternative Performance Measures – continued**Underlying profit before tax**

Underlying profit before tax is a measure which seeks to reflect the underlying performance of the Group that will contribute to long-term sustainable profitable growth. As such, underlying profit before tax excludes the impact of exceptional and other items. We focus on the trends in underlying profit before tax.

A reconciliation from profit before tax, the most directly comparable IFRS measure, to the underlying profit before tax is set out below.

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
Profit before tax	(17.1)	(24.2)	7.1	722.2	23.4	698.8
Exceptional and other items excluding tax effect	131.3	93.6	37.7	(430.2)	153.8	(584.0)
Underlying profit before tax	114.2	69.4	44.8	292.0	177.2	114.8

The following tables summarise the impact of adopting IFRS 16 on the Group's profit before tax and underlying profit before tax.

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
IFRS 16 impact on profit before tax						
(Loss)/profit before tax	(17.1)	(24.2)	7.1	722.2	23.4	698.8
Impact of IFRS 16 ¹	22.8	31.5	(8.7)	17.3	25.8	(8.5)
Profit before tax pre IFRS 16 ¹	5.7	7.3	(1.6)	739.5	49.2	690.3

¹ In addition to the application of IFRS 16 which has an impact of \$(8.7) million (2019: \$(8.5) million) we have recognised \$27.8 million (2019: \$22.7 million) for the impairment of the right of use asset as part of our ERO discontinued operations.

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
IFRS 16 impact on underlying profit before tax						
Underlying profit before tax	114.2	69.4	44.8	292.0	177.2	114.8
Impact of IFRS 16	23.1	31.8	(8.7)	17.3	25.8	(8.5)
Underlying profit before tax pre IFRS 16	137.3	101.2	36.1	309.3	203.0	106.3

Underlying deferred tax

Cash adjusted basic and diluted earnings per ordinary share set out in note 6 to the Consolidated Financial Statements are calculated by removing exceptional and other items and underlying deferred tax to better reflect the underlying basic and diluted earnings per share.

A reconciliation from deferred tax, the most directly comparable IFRS measure, to the underlying deferred tax is set out below:

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
Total deferred tax charge/(credit)	5.4	8.9	(3.5)	(68.1)	(30.2)	(37.9)
Adjust for exceptional deferred tax credit/(charge)	18.2	18.9	(0.7)	64.4	22.2	42.2
Impact of IFRS 16	12.5	7.5	5.0	9.4	6.4	3.0
Underlying deferred tax charge/(credit) pre IFRS 16	36.1	35.3	0.8	5.7	(1.6)	7.3

30. Alternative Performance Measures – continued

Cash basic and diluted earnings per ordinary share

As set out in note 6 to the Consolidated Financial Statements, the adjusted basic and diluted earnings per ordinary share are calculated using the adjusted basic and diluted earnings.

A reconciliation of adjusted earnings for adjusted earnings per share to adjusted earnings for cash earnings per share showing the impact of IFRS 16 on basic earnings and exceptional and other items is set out below.

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
Adjusted earnings for adjusted earnings per share	86.9	50.6	36.3	259.1	164.7	94.4
Impact of adopting IFRS 16 on basic earnings	37.8	23.9	13.9	30.3	19.1	11.2
Impact of adopting IFRS 16 on exceptional and other items	(20.3)	0.3	(20.6)	(17.6)	–	(17.6)
Adjusted earnings for adjusted earnings per share pre IFRS 16	104.4	74.8	29.6	271.8	183.8	88.0
Underlying deferred tax	36.1	35.3	0.8	5.7	(1.6)	7.3
Adjusted earnings for cash earnings per share pre IFRS 16	140.5	110.1	30.4	277.5	182.2	95.3

A reconciliation from the basic and diluted earnings per ordinary share, the most directly comparable IFRS measure, to the cash basic and diluted earnings per ordinary share is set out below.

	2020 Total €	2020 Continuing €	2020 Discontinued €	2019 Total €	2019 Continuing €	2019 Discontinued €
Unadjusted basic earnings per share	(1.2)	(2.3)	1.1	65.2	4.0	61.2
Impact of IFRS 16	4.6	2.9	1.7	3.0	1.9	1.1
Unadjusted basic earnings per share pre IFRS 16	3.4	0.6	2.8	68.2	5.9	62.3
Adjustments for adjusted measure	13.6	12.7	0.9	(40.8)	12.1	(52.9)
Cash basic earnings per share pre IFRS 16	17.0	13.3	3.7	27.4	18.0	9.4

Unadjusted diluted earnings per share	(1.2)	(2.3)	1.1	64.7	4.0	60.7
Impact of IFRS 16	4.6	2.9	1.7	2.9	1.9	1.0
Unadjusted diluted earnings per share pre IFRS 16	3.4	0.6	2.8	67.6	5.9	61.7
Adjustments for adjusted measure	13.4	12.6	0.8	(40.4)	12.0	(52.4)
Cash diluted earnings per share pre IFRS 16	16.8	13.2	3.6	27.2	17.9	9.3

A reconciliation from the adjusted basic and diluted earnings per ordinary share, to the adjusted basic and diluted earnings per ordinary share showing the impact of IFRS 16 is set out below.

	2020 Total €	2020 Continuing €	2020 Discontinued €	2019 Total €	2019 Continuing €	2019 Discontinued €
Adjusted basic earnings per share	10.5	6.1	4.4	25.6	16.3	9.3
Impact of IFRS 16	2.1	2.9	(0.8)	1.3	1.9	(0.6)
Adjusted basic earnings per share pre IFRS 16	12.6	9.0	3.6	26.9	18.2	8.7
Adjusted diluted earnings per share	10.4	6.1	4.3	25.4	16.2	9.2
Impact of IFRS 16	2.1	2.9	(0.8)	1.3	1.8	(0.5)
Adjusted diluted earnings per share pre IFRS 16	12.5	9.0	3.5	26.7	18.0	8.7

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1 ROIC from discontinued operations has been calculated excluding \$11.6 million (2019: \$14.3 million) of support costs borne by the continuing Group. For the purposes of the ROIC calculation only, the 2020 Balance Sheet has been presented to show ERO discontinued operations separately.

2 Averaging adjustments are calculated on average net assets which included Ontic up to 31 October 2019. Closing net assets of \$143.3 million for discontinued do not include Ontic in 2019

3 The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19.

30. 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.

	2020 Total \$m	2019 Total \$m
Net cash flow from operating activities (note 23)	306.3	467.0
Less reported purchase of property, plant and equipment (note 23)	(70.0)	(68.4)
Less reported purchase of intangible assets (note 23)	(14.3)	(12.2)
Add income tax paid	74.8	41.7
Add Ontic licences not accounted for under IFRS 3 (note 23)	-	1.1
Add reported proceeds from disposal of property, plant and equipment (note 23)	0.3	5.1
Operating cash flow	297.1	434.3
Impact on net cash flow from operating activities pre IFRS 16		
Net cash flow from operating activities	306.3	467.0
IFRS 16 impact	(131.4)	(141.6)
Net cash flow from operating activities pre IFRS 16	174.9	325.4
Impact on operating cash flow pre IFRS 16		
Operating cash flow	297.1	434.3
IFRS 16 impact	(131.4)	(141.3)
Operating cash flow pre IFRS 16	165.7	292.7

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.

	2020 Total %	2019 Total %
Cash conversion	194%	139%
Cash conversion (pre IFRS 16)	168%	115%

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30. Alternative Performance Measures – continued**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 23 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, the fair value adjustment on the US private placement senior notes and the fair value adjustment on the US senior notes.

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

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

	2020 Total \$m	2020 Continuing \$m	2020 Discontinued \$m	2019 Total \$m	2019 Continuing \$m	2019 Discontinued \$m
Reported borrowings (note 16)	1,208.1	1,208.1	–	1,141.0	1,141.0	–
Amortisation costs (note 16)	20.3	20.3	–	22.7	22.7	–
Fair value adjustment on US senior notes	(59.5)	(59.5)	–	(13.4)	(13.4)	–
Total principal of borrowings	1,168.9	1,168.9	–	1,150.3	1,150.3	–
Reported cash and cash equivalents (note 13)	(171.1)	(168.0)	(3.1)	(122.4)	(113.2)	(9.2)
Total net principal of borrowings	997.8	1,000.9	(3.1)	1,027.9	1,037.1	(9.2)
Amortisation costs	(20.3)	(20.3)	–	(22.7)	(22.7)	–
Net debt per cash flow (excluding lease liabilities)	977.5	980.6	(3.1)	1,005.2	1,014.4	(9.2)
Lease liabilities	1,206.0	1,143.8	62.2	1,245.5	1,181.8	63.7
Net debt per cash flow ^{1,2}	2,183.5	2,124.4	59.1	2,250.7	2,196.2	54.5
Net debt per cash flow (excluding lease liabilities)	977.5	980.6	(3.1)	1,005.2	1,014.4	(9.2)
FX – average rates adjustment	0.3	0.3	–	0.5	0.5	–
Net debt for covenants purpose	977.8	980.9	(3.1)	1,005.7	1,014.9	(9.2)

1 In the second half of 2019 the net debt definition changed to exclude all lease liabilities including the original IAS 17 leases. At 31 December 2020 the carrying value of these leases was \$1.9 million (2019: \$3.1 million).

2 Net debt per cash flow is calculated by adding net debt per cash flow (excluding lease liabilities) to lease liabilities.

Company Balance Sheet

	Notes	2020 £m	2019 £m
Non-current assets			
Intangible fixed assets	3	0.3	–
Tangible assets	3	0.2	0.3
Right of use assets	3	1.8	2.4
Fixed asset investments	4	3,592.8	3,592.8
Retirement benefit assets (restated ¹)	14	–	22.9
Derivative financial instruments	5	–	0.1
Deferred tax asset (restated ¹)	11	12.0	2.4
		3,607.1	3,620.9
Current assets			
Derivative financial instruments	5	0.5	0.3
Other debtors	6	2,074.9	2,205.0
Corporation tax receivable		4.0	5.0
Cash at bank and in hand	8	86.1	41.4
		2,165.5	2,251.7
Current liabilities			
Creditors: amounts falling due within one year			
Lease liabilities	9	(0.5)	(0.6)
Derivative financial instruments	5	(3.2)	(3.4)
Other payables	7	(2,028.1)	(2,162.2)
Provisions	10	–	(0.3)
		(2,031.8)	(2,166.5)
Net current assets		133.7	85.2
Total assets less current liabilities		3,740.8	3,706.1
Creditors: amounts falling due after more than one year			
Borrowings	8	1.0	0.6
Lease liabilities	9	(3.7)	(4.1)
Derivative financial instruments	5	–	(0.1)
Retirement benefit obligations (restated ¹)	14	(24.2)	–
Provisions	10	(0.7)	(0.3)
		(27.6)	(3.9)
Total net assets		3,713.2	3,702.2
Capital and reserves			
Called up share capital	12	312.4	311.9
Share premium account	12	978.7	978.7
Other reserves	12	203.5	205.8
Profit and loss account (restated ¹)	12	2,218.6	2,205.8
Equity shareholders' funds		3,713.2	3,702.2

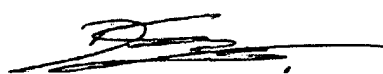
¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19 of the Consolidated Financial Statements.

The financial statements of Signature Aviation plc (registered number 00053688) were approved by the Board of Directors on 1 March 2021 and signed on its behalf by:

Mark Johnstone,
Group Chief Executive Officer



David Crook,
Group Finance Director



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 £50.6 million profit (2019: £1,918.1 million profit).

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

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

Company Statement of Changes in Equity**Financial statements**

		Share capital £m	Share premium £m	Profit and loss account £m	Other reserves £m	Total equity £m
118 Consolidated Income Statement	Notes					
119 Consolidated Statement of Comprehensive Income	Balance at 1 January 2019	311.4	978.7	1,077.0	209.1	2,576.2
	Profit for the year	–	–	1,918.1	–	1,918.1
120 Consolidated Balance Sheet	Other comprehensive income/(loss) for the year (restated ¹)	–	–	(31.2)	(3.6)	(34.8)
121 Consolidated Cash Flow Statement	Total comprehensive income/(loss) for the year	–	–	1,886.9	(3.6)	1,883.3
	Dividends	1	–	(760.9)	–	(760.9)
122 Consolidated Statement of Changes in Equity	Issue of share capital	0.5	–	–	–	0.5
	Movement on treasury reserve	12	–	–	(3.7)	(3.7)
123 Accounting Policies of the Group	Credit to equity for equity-settled share-based payments	12	–	–	6.8	6.8
	Transfer (from)/to profit and loss account	–	–	2.8	(2.8)	–
134 Notes to the Consolidated Financial Statements	Balance at 31 December 2019	311.9	978.7	2,205.8	205.8	3,702.2
	Profit for the year	–	–	50.6	–	50.6
197 Company Balance Sheet	Other comprehensive loss for the year	–	–	(43.1)	–	(43.1)
198 Company Statement of Changes in Equity	Total comprehensive income for the year	–	–	7.5	–	7.5
	Dividends	1	–	–	–	–
199 Accounting Policies of the Company	Issue of share capital	0.5	–	–	–	0.5
	Movement on treasury reserve	12	–	–	(2.0)	(2.0)
203 Notes to the Company Financial Statements	Credit to equity for equity-settled share-based payments	12	–	–	4.7	4.7
210 Subsidiaries and Related Undertakings	Tax on share-based payment transactions	12	–	0.3	–	0.3
	Transfer to/(from) profit and loss account	–	–	5.0	(5.0)	–
218 Five Year Summary	Balance at 31 December 2020	312.4	978.7	2,218.6	203.5	3,713.2
219 Shareholder Information						

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19 of the Consolidated Financial Statements. The impact of the restatement was a credit to other comprehensive income of £31.0 million

Accounting Policies of the Company

Basis of accounting

Signature Aviation plc is a company incorporated and domiciled in the UK.

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 and Viability Statement on page 61.

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 plc 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.

Accounting Policies of the Company – continued**Financial statements**

118 Consolidated Income Statement	The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.
119 Consolidated Statement of Comprehensive Income	New financial reporting requirements A number of EU-endorsed amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2020 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.
120 Consolidated Balance Sheet	
121 Consolidated Cash Flow Statement	IFRS 16 Leases The Company adopted IFRS 16 Leases from 1 January 2019. IFRS 16 replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.
122 Consolidated Statement of Changes in Equity	
123 Accounting Policies of the Group	Investments In the Company's Financial Statements, investments in subsidiary and associated undertakings are stated at cost less provision for impairment.
134 Notes to the Consolidated Financial Statements	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.
197 Company Balance Sheet	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.
198 Company Statement of Changes in Equity	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.
199 Accounting Policies of the Company	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.
203 Notes to the Company Financial Statements	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.
210 Subsidiaries and Related Undertakings	Post-retirement benefits Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.
218 Five Year Summary	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.
219 Shareholder Information	The service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Any past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The interest cost on the net defined benefit deficit is included within finance costs.
	The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and reduced by the fair value of scheme assets. Any asset resulting from this calculation is only recognised to the extent that it is recoverable.
	Defined benefit scheme contributions are determined by valuations undertaken by independent qualified actuaries.

Share-based payments

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

Tangible fixed assets

Plant and machinery and land and buildings are stated in the Balance Sheet at cost or valuation. Depreciation is provided on the cost of tangible fixed assets less estimated residual value and is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Not depreciated
Buildings	40 years maximum
Plant and machinery (including essential commissioning costs)	3–5 years

Computer and office equipment are categorised within plant and machinery in note 3 to these accounts.

Right of use assets

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

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

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group does not have any leases that include purchase or transfer options of the underlying asset.

Lease liabilities

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

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

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Accounting Policies of the Company – continued**Financial statements**

118 Consolidated Income Statement	Deferred tax
119 Consolidated Statement of Comprehensive Income	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.
120 Consolidated Balance Sheet	
121 Consolidated Cash Flow Statement	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.
122 Consolidated Statement of Changes in Equity	
123 Accounting Policies of the Group	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.
134 Notes to the Consolidated Financial Statements	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.
197 Company Balance Sheet	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.
198 Company Statement of Changes in Equity	
199 Accounting Policies of the Company	Current tax and deferred tax for the year
203 Notes to the Company Financial Statements	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.
210 Subsidiaries and Related Undertakings	Critical accounting judgements and key sources of estimation uncertainty
218 Five Year Summary	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.
219 Shareholder Information	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 2020 there are no critical accounting judgements or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Company Financial Statements

1. Dividends

Details of the Company's dividends paid are provided in note 5 of the Consolidated Financial Statements.

2. Directors and employees

Emoluments and interests

Details of directors' emoluments and interests are provided within the Directors' Remuneration Report on pages 78 to 108.

Employees

	2020	2019
Average monthly number	27	40
	2020 £m	2019 £m
Salaries	2.7	3.7
Social security	0.4	0.5
Contributions to defined contribution plans	0.1	0.1
Expenses related to defined benefit plan	1.7	1.6
Expenses related to defined benefit plan – GMP equalisation (note 14)	0.7	–
	5.6	5.9

3. Tangible and intangible fixed assets

	Leasehold improvements 2020 £m	Intangible assets 2020 £m	Plant and machinery 2020 £m	Right of use assets Land and buildings 2020 £m	Total 2020 £m	Leasehold improvements 2019 £m	Intangible assets 2019 £m	Plant and machinery 2019 £m	Right of use assets Land and buildings 2019 £m	Total 2019 £m
Cost or valuation										
Beginning of year	0.8	–	1.2	3.0	5.0	0.8	–	1.2	–	2.0
Additions	–	0.4	–	–	0.4	–	–	–	3.0	3.0
End of year	0.8	0.4	1.2	3.0	5.4	0.8	–	1.2	3.0	5.0
Accumulated depreciation/ amortisation										
Beginning of year	0.8	–	0.9	0.6	2.3	0.7	–	0.8	–	1.5
Depreciation/amortisation charge for this year	–	0.1	0.1	0.6	0.8	0.1	–	0.1	0.6	0.8
End of year	0.8	0.1	1.0	1.2	3.1	0.8	–	0.9	0.6	2.3
Net book value end of year										
Owned assets	–	0.3	0.2	–	0.5	–	–	0.3	–	2.7
Leased assets	–	–	–	1.8	1.8	–	–	–	2.4	–
End of year	–	0.3	0.2	1.8	2.3	–	–	0.3	2.4	2.7

Notes to the Company Financial Statements – continued

Financial statements							
118 Consolidated Income Statement	4. Fixed asset investments				2020 £m	2019 £m	
119 Consolidated Statement of Comprehensive Income	Subsidiary undertakings						
120 Consolidated Balance Sheet	Cost of shares						
	Beginning and end of year				3,733.2	3,733.2	
121 Consolidated Cash Flow Statement	Provisions for impairments						
	At beginning of year				(140.4)	(28.4)	
122 Consolidated Statement of Changes in Equity	Impairments during the year				–	(112.0)	
	End of year				(140.4)	(140.4)	
123 Accounting Policies of the Group	Net book value end of year				3,592.8	3,592.8	
134 Notes to the Consolidated Financial Statements	The subsidiaries and related undertakings of Signature Aviation plc are listed on pages 210 to 217.						
197 Company Balance Sheet	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.						
198 Company Statement of Changes in Equity	The recoverable amount of the investments is determined by assessing the Signature CGU fair value less costs of disposal (see note 8 of the Consolidated Financial Statements). In prior years, a value-in-use calculation has been used.						
199 Accounting Policies of the Company	Impairments						
203 Notes to the Company Financial Statements	£112.0 million impairment was recognised in the prior year related to one of the Group's investments, following the revision of the assumptions in light of the changes within the Group, specifically the refinancing and cash repatriation following the disposal of Ontic.						
210 Subsidiaries and Related Undertakings	5. Derivative financial instruments						
218 Five Year Summary		2020 Current £m	2020 Non-current £m	2020 Total £m	2019 Current £m	2019 Non-current £m	2019 Total £m
219 Shareholder Information	Derivative financial assets						
	Foreign exchange forward contracts	0.5	–	0.5	0.3	0.1	0.4
		0.5	–	0.5	0.3	0.1	0.4
	Derivative financial liabilities						
	Foreign exchange forward contracts	(3.2)	–	(3.2)	(3.4)	(0.1)	(3.5)
		(3.2)	–	(3.2)	(3.4)	(0.1)	(3.5)

Details of the foreign exchange forward contracts and interest rate swaps are provided in note 17 to the Consolidated Financial Statements.

6. Debtors		
	2020 £m	2019 £m
Amounts owed by subsidiary undertakings	2,073.1	2,198.5
Other debtors, prepayments and accrued income	1.8	6.5
Debtors due within one year	2,074.9	2,205.0
7. Creditors: amounts falling due within one year		
	2020 £m	2019 £m
Other		
Amounts owed to subsidiary undertakings	2,019.3	2,154.3
Other taxation and social security	0.2	0.2
Other creditors	2.3	1.5
Accruals and deferred income	6.3	6.2
	2,028.1	2,162.2
8. Cash and borrowings		
Borrowings summary	2020 £m	2019 £m
Medium-term loans		
Repayable between one and two years	–	–
Repayable between two and five years ¹	(1.2)	(0.8)
Repayable in more than five years	0.2	0.2
Borrowings: due after more than one year	(1.0)	(0.6)
Short-term		
Overdrafts and borrowings repayable within one year (note 7)	–	–
Total borrowings	(1.0)	(0.6)
Cash at bank and in hand	(86.1)	(41.4)
Net (cash)/borrowings	(87.1)	(42.0)
Borrowings analysis	2020 £m	2019 £m
Unsecured		
Bank loans and overdrafts		
Sterling	0.2	0.2
US dollar ¹	(1.2)	(0.8)
Other currencies	–	–
Total borrowings	(1.0)	(0.6)
Cash at bank and in hand	(86.1)	(41.4)
Net (cash)/borrowings	(87.1)	(42.0)

¹ £1.2 million (2019: £0.8 million) issue costs have been capitalised and are being amortised over the life of this facility. There were no drawn amounts of the multicurrency revolving bank credit facility in the current or prior year.

The interest rates on unsecured loans range from 1.6% to 5.0% per annum (2019: 4.0% to 5.0%) and repayments are due at varying dates up to 2026.

Financial statements

In the prior year a one-time adjustment relating to the adoption of IFRS 16 was made to reclassify onerous lease provisions against the right of use asset.

11. Deferred tax

The following is the deferred tax asset recognised by the Company and movements thereon during the current and prior reporting period.

	£m
At 1 January 2019	1.7
Charge to profit and loss account	0.8
Charge to equity (restated ¹)	(0.1)
Effect of change in tax rate	
– profit and loss account	–
– equity	–
As at 31 December 2019	2.4
At 1 January 2020	2.4
Prior year adjustment	2.8
Charge to profit and loss account	1.6
Charge to equity	5.0
Effect of change in tax rate	
– profit and loss account	0.1
– equity	0.1
As at 31 December 2020	12.0

1 The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19 for the Consolidated Financial Statements.

No deferred tax assets have been offset against deferred tax liabilities. At the balance sheet date the Company has no unused tax losses (2019: £nil) available for offset against future profits.

Notes to the Company Financial Statements – continued

Financial statements			
118 Consolidated Income Statement	12. Capital and reserves		
119 Consolidated Statement of Comprehensive Income	Details of Company share capital, including the issuance of new shares in the year, are provided within note 21 to the Consolidated Financial Statements.	2020 £m	2019 £m
120 Consolidated Balance Sheet	Reserves attributable to equity interests		
121 Consolidated Cash Flow Statement	Share premium account		
	Beginning and end of year	978.7	978.7
122 Consolidated Statement of Changes in Equity	Merger reserve		
123 Accounting Policies of the Group	Beginning and end of year	99.3	99.3
134 Notes to the Consolidated Financial Statements	Capital reserve		
197 Company Balance Sheet	Beginning of year	168.1	167.6
198 Company Statement of Changes in Equity	Credit to equity for equity-settled share-based payments	4.7	6.8
199 Accounting Policies of the Company	Transfer to retained earnings on exercise of equity-settled share-based payments	(6.1)	(6.3)
203 Notes to the Company Financial Statements	End of year	166.7	168.1
210 Subsidiaries and Related Undertakings	Treasury reserve		
218 Five Year Summary	Beginning of year	(61.6)	(61.4)
219 Shareholder Information	Purchase of own shares	(2.0)	(3.7)
	Transfer to profit and loss account	1.1	3.5
	End of year	(62.5)	(61.6)
	Hedging reserve		
	Beginning of year	–	3.6
	Fair value movements in interest rate cash flow hedges	–	(2.1)
	Transfer to profit or loss from other comprehensive income on interest rate cash flow hedges	–	(1.5)
	End of year	–	–
	Profit and loss account		
	Beginning of year	2,205.8	1,077.0
	Transfer from capital reserve on exercise of equity-settled share-based payments	6.1	6.3
	Transferred from treasury reserve	(1.1)	(3.5)
	Tax on items taken directly from reserves ¹	5.9	0.7
	Actuarial (losses)/gains ¹	(48.7)	(5.8)
	Other items taken directly from reserves	–	(26.1)
	Profit for the year	50.6	1,918.1
	Equity dividends	–	(760.9)
	End of year	2,218.6	2,205.8

¹ The 2019 comparative has been restated for an adjustment relating to pensions as set out in note 19 of the Consolidated Financial Statements.

At 31 December 2020, 1,242,249 ordinary 37¹⁷/₆₄p shares (2019: 1,305,558 ordinary 37¹⁷/₆₄p) with a nominal value of £0.5 million (2019: £0.5 million) and a market value of £4.8 million (2019: £4.1 million) were held in the BBA Employee Benefit Trust, a trust set up in 2006. EES Trustees International Limited, the Trustees of the BBA Employee Benefit Trust, has agreed to waive its dividend entitlement in certain circumstances.

Following the closure of the Company's Asset-Backed Funding structure (see note 19) in 2019, the profit and loss account is fully distributable.

13. Share-based payments

Details of share-based payments are provided within note 22 to the Consolidated Financial Statements.

14. 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.

During the first half of 2014, the Group agreed a new long-term funding package with the Trustee of the IPP, following the sale of APPH Limited. This new funding package replaced the deficit contributions agreed with the Trustee as part of the 2012 triennial valuation of the IPP. As part of this funding package, an Asset-Backed Funding (ABF) structure was put in place. In accordance with the implementation steps of the structure the Company made a capital contribution to a newly formed partnership of £33 million. This was classified as a prepayment following the adoption of FRS 101 and was being unwound through regular contributions.

In October 2019 Signature Aviation completed the sale of the Ontic business to CVC Fund VII. In order for the sale to proceed the Trustee agreed to release a charge they held over the Asset-Backed Funding arrangement in exchange for an acceleration of the deficit contribution schedule. As a result the Group made a one-off deficit contribution payment of £30 million in October 2019 and agreed to make further deficit contribution payments to the IPP of £2.7 million per annum (paid quarterly) until March 2030 if required. The Asset-Backed Funding arrangement was unwound as part of this transaction and as such all further payments to the IPP will be made directly by the Group.

Further details of the UK scheme are provided within note 19 to the Consolidated Financial Statements.

The High Court ruled on 26 October 2018 in the landmark Lloyds Banking Group case on Guaranteed Minimum Pensions (GMPs). The judgment requires equalisation between men and women for the effect of unequal GMPs accrued between 1990 and 1997 (i.e. for defined benefit pension schemes that were "contracted out" between May 1990 and April 1997) and describes the applicable ways in which the benefit entitlements should be equalised. The ruling meant the IPP recognised a £8.4 million increase to the defined benefit obligation through the profit and loss account in 2018.

On 20 November 2020 the UK High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case in respect to members who have transferred out of a scheme prior to the ruling. This has meant that the Trustee of the IPP is obligated to make transfer payments that reflect equalised benefits and is required to top up payment where this was not the case in the past. The additional cost of the impact of this ruling is recognised as an exceptional past service cost of £0.7 million in the Income Statement.

Prior to the issuance of the 2020 Annual Report the Company became aware that an investment asset of the BBA Income and Protection Plan (IPP) had been omitted by a third party supporting the Company with the preparation of the Company's pensions disclosures under IAS 19. As a result of the materiality of this omission, the Company has restated the 31 December 2019 comparative results.

Further information and the impact of this restatement on the Group's 2019 results is outlined in note 19 of the Consolidated Financial Statements. The impact upon the Company accounts is consistent with the impact outlined in note 19 of the Consolidated Financial Statements.

15. 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:	2020 £m	2019 £m
Guarantees of subsidiary undertakings, overdrafts or loans and other guarantees	1.0	0.7

Subsidiaries and Related Undertakings

Financial statements			
118 Consolidated Income Statement	The following is a list of the Group's subsidiary and associated undertakings as at 31 December 2020.		
119 Consolidated Statement of Comprehensive Income	Subsidiaries	Principal activity	% Holding
120 Consolidated Balance Sheet	Antigua		
121 Consolidated Cash Flow Statement	Roberts & Co Law, 60 Nevis Street, St. Johns, Antigua		
122 Consolidated Statement of Changes in Equity	SFS Operations Antigua Ltd	Aviation	100%
123 Accounting Policies of the Group	Barbados		
134 Notes to the Consolidated Financial Statements	The Phoenix Centre, George Street, Belleville, St. Michael, Barbados		
197 Company Balance Sheet	BBA Aviation (Barbados) Limited	Holding	100%
198 Company Statement of Changes in Equity	Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, St Michael, Barbados		
199 Accounting Policies of the Company	IAM Caribbean Inc.	Aviation	100%
203 Notes to the Company Financial Statements	International Aircraft Management, Inc.	Aviation	100%
210 Subsidiaries and Related Undertakings	Brazil		
218 Five Year Summary	Av. Jamaris, 100, 12° andar, conj. 1202, Indianópolis, CEP 04078-000, São Paulo		
219 Shareholder Information	BBA South América Ltda.	Holding	100%
	Avenida Professor Magalhães Penido, 120, Loja 1, São Luiz, CEP 31270-700, Belo Horizonte, Minas Gerais		
	Dallas Airmotive Manutenção de Motores Aeronáuticos Ltda.	Aviation	100%
	British Virgin Islands		
	30 de Castro Street, Wickhams Cay 1, P.O. Box 4519 Road Town, Tortola, British Virgin Islands		
	IAM Jet Centre Tortola Ltd	Aviation	100%
	Canada		
	181 Bay Street, Suite 1800, Toronto, Ontario, Canada M5J 2T9		
	Landmark Aviation FBO Canada Inc.	Aviation	100%
	SFS Operations Canada Ltd	Aviation	100%
	Signature Flight Support Canada Ltd.	Aviation	100%
	Signature Select Operations Canada Ltd.	Aviation	100%
	2700-700 West Georgia Street, Vancouver, BC V7Y 1B8		
	EPIC Aviation Canada Inc.	Aviation	100%
	Cayman Islands		
	Maples & Calder, PO Box 309, Ugland House, Georgetown, Grand Cayman, Cayman Islands, British West Indies		
	BBA Financial Services (Cayman Island) Ltd	Holding	100%
	England		
	3rd Floor, 105 Wigmore Street, London, W1U 1QY		
	Balderton Aviation Holdings Limited	Holding	100%
	BBA Aviation Business Support Centre – EMEA Limited	Support Services	100%
	BBA Aviation Europe Limited	Liquidation	100%
	BBA Aviation Finance	Holding	100%
	BBA Aviation Life Benefits Trustee Limited	Dormant	100%
	BBA Aviation Limited	Dormant	100%
	BBA China Holdings No 1 Limited	Dormant	100%
	BBA Finance	Finance	100%
	BBA Finance No 1	Holding	100%
	BBA Finance No 3	Dormant	100%
	BBA Finance No 4 Limited	Holding	100%
	BBA Finance No 5	Finance	100%
	BBA Financial Services	Dormant	100%

Subsidiaries	Principal activity	% Holding
BBA Financial Services (UK) Limited	Holding	100%
BBA Five Limited	Dormant	100%
BBA Four Limited	Dormant	100%
BBA Group Leasing Limited	Dormant	100%
BBA Holdings Limited	Holding	100%
BBA Hydraulic Brake Company Limited	Dormant	100%
BBA Nominees Limited	Dormant	100%
BBA One Limited	Dormant	100%
BBA Overseas Holdings Limited	Holding	100%
BBA Properties Limited	Holding	100%
BBA Six Limited	Dormant	100%
BBA Three Limited	Dormant	100%
BBA Two Limited	Dormant	100%
Bonetights Limited	Dormant	100%
British Belting & Asbestos Limited	Dormant	100%
CBS (Automotive & Industrial) Limited	Dormant	100%
Cresswells Asbestos Company Limited	Dormant	100%
CSE Aviation Limited	Dormant	100%
Dallas Airmotive (UK) Limited	Dormant	100%
Falcon Aviation Training (UK) Limited	Dormant	100%
Falcon Aviation Training Limited	Dormant	100%
Frothgun (SA) Limited	Dormant	100%
Guthrie & Company (UK) Limited	Dormant	100%
Guthrie Overseas Holdings Limited	Dormant	100%
Guthrie Overseas Investments Limited	Holding	100%
Guthrie Trading (UK) Limited	Dormant	100%
Guthrie Trustees Limited	Dormant	100%
Guthrint Limited	Dormant	100%
Hamsigh Limited	Dormant	100%
Hants and Sussex Aviation Limited	Dormant	100%
Husbang Limited	Dormant	100%
Lintafoam (Manchester) Limited	Dormant	100%
Nonehay Limited	Dormant	100%
Notiontoken Limited	Dormant	100%
Oilark Limited	Dormant	100%
Okefab Limited	Dormant	100%
Oxford Aviation Holdings Limited	Dormant	100%
Oxford Aviation Properties Limited	Dormant	100%
PCCN 1997 Limited	Dormant	100%
Salprep Limited	Dormant	100%
Signature Aviation Pension Trustees Limited	Holding	100%
Synterials Limited	Dormant	100%
Texidwarf Limited	Dormant	100%
Texstar Limited	Dormant	100%
The Guthrie Corporation Limited	Holding	100%
Valcove Limited	Dormant	100%
Versil Limited	Dormant	100%

Subsidiaries and Related Undertakings – continued

Financial statements	Subsidiaries	Principal activity	% Holding
118 Consolidated Income Statement	Airport Service Road, Portsmouth, Hampshire, P03 5PJ		
119 Consolidated Statement of Comprehensive Income	H+S Aviation Limited	Aviation	100%
120 Consolidated Balance Sheet	Hangar 100, Aviation Park West, Bournemouth Airport, Christchurch, Dorset, BH23 6NW		
121 Consolidated Cash Flow Statement	CSE Bournemouth Limited	Aviation	100%
122 Consolidated Statement of Changes in Equity	Voyager House, 142 Prospect Way, Luton, Bedfordshire, LU2 9QH		
	Air Hanson Limited	Dormant	100%
	BBA Aviation Lynton Group Limited	Liquidation	100%
	Dollar-Air-Services Limited	Dormant	100%
123 Accounting Policies of the Group	European Helicopters Limited	Dormant	100%
	Execair (East Midlands) Limited	Dormant	100%
134 Notes to the Consolidated Financial Statements	Landmark Aviation (UK) Limited	Finance	100%
	Lynton Aviation Aircraft Sales Limited	Dormant	100%
	Lynton Aviation Limited	Dormant	100%
197 Company Balance Sheet	Lynton Corporate Jet Limited	Dormant	100%
198 Company Statement of Changes in Equity	RSS Jet Centre (Prestwick) Limited	Dormant	100%
	RSS Jet Centre Limited	Aviation	100%
199 Accounting Policies of the Company	SFS (Gatwick) Limited	Dormant	100%
203 Notes to the Company Financial Statements	Signature Flight Support (Gatwick) Limited	Dormant	100%
	Signature Flight Support Heathrow Limited	Dormant	100%
210 Subsidiaries and Related Undertakings	Signature Flight Support Limited	Finance	100%
	Signature Flight Support London Luton Limited	Aviation	100%
218 Five Year Summary	Signature Flight Support Southampton Limited	Dormant	100%
219 Shareholder Information	France		
	Lieudit Le Fond De Rosière, 95500 Bonneuil-en-France		
	BBA Holdings France SAS	Holding	100%
	Encore FBO SAS	Aviation	100%
	Signature Flight Support Paris SAS	Aviation	100%
	Germany		
	Ostallee, GAT / Room 132, D-85356 Munich Airport		
	BBA Holding Deutschland GmbH	Holding	100%
	SFS Munich GmbH & Co KG	Aviation	95%
	SFS Verwaltungs GmbH	Aviation	95%
	Greece		
	59 Attikis & Ydras Str., Koropi 19400		
	Signature Flight Support Athens SA	Aviation	100%
	Grenada		
	Maurice Bishop International Airport, Point Salines, St. George, Grenada		
	IAM Jet Centre Grenada Ltd.	Aviation	100%
	Ireland		
	57 Herbert Lane, Dublin 2, Ireland		
	BBA Aviation LM Finance Ltd	Finance	100%
	BBA Investment Aviation Limited	Holding	100%
	BBA Luxembourg Finance No 2 Limited	Finance	100%
	T1X, Terminal 1, Dublin Airport, Co. Dublin		
	Signature Flight Support Ireland Ltd	Aviation	100%

Subsidiaries	Principal activity	% Holding
Isle of Man		
Third Floor, St George's Court, Upper Church Street, Douglas, Isle of Man		
BBA Aviation Insurances Limited	Finance	100%
Italy		
Viale dell' Aviazione 65, 20138 Milano		
Signature Flight Support Italy Srl	Aviation	100%
Jamaica		
Sangster International Airport, Domestic Terminal, Montego Bay, St. James, Jamaica		
IAM Jet Centre Limited	Aviation	100%
Jersey		
47 Esplanade, St Helier, Jersey, JE1 0BD		
BBA Financial Services (Jersey) Limited	Dormant	100%
Guthrie Estates Holdings Limited	Dormant	100%
Luxembourg		
6, avenue Pasteur, L-2310 Luxembourg		
BBA Aviation Finance Luxembourg No.10 S.à r.l.	Finance	100%
BBA International Investments S.à r.l.	Holding	100%
BBA Luxembourg Finance S.à r.l.	Holding	100%
BBA Luxembourg Investments S.à r.l.	Holding	100%
BBA ROW Investments S.à r.l.	Holding	100%
BBA US Investments S.à r.l.	Holding	100%
Landmark Aviation FBO Luxembourg S.à r.l.	Finance	100%
Netherlands		
Naritaweg 165, 1043 BW Amsterdam, The Netherlands		
R.R. FBO Cooperatie U.A.	Holding	100%
Netherlands Antilles		
Schottegatweg Oost 44, P.O. Box 812, Willemstad, Curaçao		
Guthrie Investments NV	Dormant	100%
Panama		
PH ARIFA, 10th Floor, West Boulevard, Santa Maria Business District, PO BOX 0816-01098, Panama, Republic of Panama		
Signature Flight Support Panama S.A.	Aviation	100%
Scotland		
c/o Dentons UKMEA LLP, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP		
BBA Aviation Pensions (GP) Limited	Finance	100%
BBA Aviation Pensions (Initial LP) Limited	Finance	100%
4th Floor 115 George Street, Edinburgh, EH2 4JN		
Edinburgh Refuellers Ltd	Dormant	100%
Execair Aviation Services Ltd	Dormant	100%
Guthrie Scottish Nominees (No 1) Ltd	Dormant	100%
Guthrie Scottish Nominees (No 3) Ltd	Dormant	100%
Signature Flight Support UK Regions Limited	Aviation	100%
Signature Refuelers Limited	Aviation	100%

Subsidiaries and Related Undertakings – continued

Financial statements	Subsidiaries	Principal activity	% Holding
118 Consolidated Income Statement	Singapore		
119 Consolidated Statement of Comprehensive Income	1075 West Camp Road, Seletar Airport, Singapore 797800		
120 Consolidated Balance Sheet	BBA Aviation Singapore Holdings Pte. Ltd.	Holding	100%
121 Consolidated Cash Flow Statement	Dallas Airmotive Asia-Pacific Pte. Ltd.	Aviation	100%
122 Consolidated Statement of Changes in Equity	690 West Camp Road, #09-12 JTC Aviation Two, Singapore 797523		
	Signature Flight Support Asia-Pacific Pte. Limited	Aviation	100%
	South Africa		
123 Accounting Policies of the Group	Hangar 201, Lanseria International Airport, Johannesburg, Gauteng 1748, South Africa		
134 Notes to the Consolidated Financial Statements	Dallas Airmotive South Africa Pty Limited	Aviation	100%
	Beechcraft Road, General Aviation Area, Cape Town International Airport 7525		
197 Company Balance Sheet	Signature Flight Support Cape Town (Pty) Ltd	Aviation	100%
198 Company Statement of Changes in Equity	Signature Flight Support South Africa (Pty) Limited	Holding	100%
199 Accounting Policies of the Company	Spain		
203 Notes to the Company Financial Statements	C/O Hostals 16 Baja, Palma de Mallorca, 07-Mallorca		
210 Subsidiaries and Related Undertakings	Ocean Sky Jet Centre SLU	Dormant	100%
218 Five Year Summary	St Kitts & Nevis		
219 Shareholder Information	Liburd & Dash, Foundation House, Government Road, Charlestown, St. Kitts and Nevis		
	SFS Island Operations Ltd	Aviation	100%
	St Lucia		
	McNamara Corporate Services , Inc., 20 Micoud Street, Castries, St Lucia		
	IAM Holdings Limited	Holding	100%
	Cnr. Brazil & Mongiraud Streets, Castries, St Lucia		
	IAM Jet Centre St. Lucia Limited	Aviation	100%
	St Maarten		
	Princess Juliana International Airport, Simpson Bay, St. Maarten		
	Arrindell Aviation by Signature N.V.	Aviation	95%
	Switzerland		
	C/O Eversheds Sutherland AG, rue du Marché 20, 1204 Genève, Switzerland		
	Signature Flight Support Switzerland SA	Aviation	100%
	Trinidad and Tobago		
	M. Hamel-Smith & Co, Eleven Albion, Cor Dere and Abion Sts, Port of Spain, Trinidad, Trinidad and Tobago		
	Signature Trinidad Limited	Aviation	100%
	United Arab Emirates		
	Abu Dhabi International Airport, Abu Dhabi Airport Business City, Logistics Park, Warehouse No. A15		
	H+S Aviation Middle East LLC	Dormant	100%

Subsidiaries	Principal activity	% Holding
United States		
13485 Veterans Way, Suite 600, Orlando, Florida, 32827		
BBA Diagnostics LLC	Dormant	90.6%
Bradley Pacific Aviation, LLC	Aviation	100%
Burke Lakefront Services, LLC	Aviation	100%
Business Aircraft Center, LLC	Aviation	100%
Daedalus, LLC	Aviation	100%
Ellington Partners, LLC	Aviation	100%
Encore ACQ, LLC	Aviation	100%
Encore FBO Acquisition, LLC	Aviation	100%
Encore FBO, LLC	Aviation	100%
Endzone, Inc.	Dormant	100%
ESNY-SFSHPN, LLC	Aviation	100%
Executive Beechcraft LLC	Aviation	100%
First Aviation Services, Inc.	Aviation	100%
Galvin Aviation, LLC	Aviation	100%
Galvin Flying, LLC	Aviation	100%
Global FBO Holdings, LLC	Holding	100%
Landmark Aviation Aircraft Sales LLC	Aviation	100%
Landmark Aviation GSO-SAN, LLC	Aviation	100%
Landmark Aviation Miami, LLC	Aviation	100%
Landmark Aviation Scottsdale, Inc.	Aviation	100%
Landmark FBO, LLC	Aviation	100%
Laredo Aero Center, LLC	Aviation	100%
LM RA Holdings LLC	Holding	100%
Long Beach Fuel Consortium LLC	Aviation	100%
Miami Executive Aviation, LLC	Aviation	100%
Midlantic Jet Aviation, Inc.	Aviation	100%
Page Avjet Corporation	Dormant	100%
Piedmont Hawthorne Aviation LLC	Aviation	100%
Ross Baton Rouge LLC	Aviation	100%
Ross Chester County LLC	Aviation	100%
Ross Denver Air LLC	Aviation	100%
Ross Fresno LLC	Aviation	100%
Ross Midland LLC	Aviation	100%
Ross Pilot Drive LLC	Aviation	100%
Ross Scottsdale, LLC	Aviation	100%
Ross Spokane LLC	Aviation	100%
Ross Trenton LLC	Aviation	100%

Subsidiaries and Related Undertakings – continued

Financial statements	Subsidiaries	Principal activity	% Holding
118 Consolidated Income Statement	Salprep II Inc.	Dormant	100%
119 Consolidated Statement of Comprehensive Income	Santa Fe Air Center LLC	Aviation	100%
120 Consolidated Balance Sheet	Signature 7156, LLC	Aviation	100%
121 Consolidated Cash Flow Statement	Signature 8361, LLC	Aviation	100%
122 Consolidated Statement of Changes in Equity	Signature 8390, LLC	Aviation	100%
	Signature 8433, LLC	Aviation	100%
	Signature Aviation US Holdings, Inc	Holding	100%
	Signature Aviation-USA, LLC	Aviation	100%
123 Accounting Policies of the Group	Signature Flight Support LLC	Aviation	100%
	Signature Flight Support of Nevada, Inc.	Aviation	100%
134 Notes to the Consolidated Financial Statements	Signature Select FBO LLC	Aviation	100%
	Signature Select Guarantor LLC	Aviation	100%
197 Company Balance Sheet	Signature VNY, LLC	Aviation	100%
198 Company Statement of Changes in Equity	Southwest Airport Services LLC	Aviation	100%
199 Accounting Policies of the Company	Topeka Aircraft, LLC	Holding	100%
	Williston Air Center JV, LLC	Aviation	100%
203 Notes to the Company Financial Statements	1626 Tobacco Road, Augusta, Georgia, 30906		
210 Subsidiaries and Related Undertakings	Barrett Turbine Engine Company	Aviation	100%
	400 Cornerstone Drive, Suite 240, Williston, Vermont, 05495		
218 Five Year Summary	BBA Aviation Insurances (Vermont), Inc.	Finance	100%
219 Shareholder Information	2988 W. Walnut Hill Lane, DFW Airport, Texas, 75261		
	Dallas Airmotive Inc.	Aviation	100%
	International Airmotive Holding Co.	Holding	100%
	7290 West 118th Place, Broomfield, Colorado, 80020		
	International Governor Services LLC	Aviation	100%
	General Aviation Terminal, Washington Nat'l Airport, Washington, District of Columbia, 20001		
	Signature Flight Support – Washington National, LLC	Aviation	100%
	Signature Tradewinds – Washington National, L.C.	Aviation	80%
	121 Aviation Drive, Bldg. 3005, Santa Fe, New Mexico 87507		
	Advanced Aviation, LLC	Aviation	100%
	222 West Las Colinas Boulevard, Suite 1425N, Irving, Texas, 75039		
	Downstream Aviation, LLC	Aviation	100%
	Downstream Management LLC	Aviation	100%
	EPIC Aviation, LLC	Aviation	100%
	EPIC International, LLC	Aviation	100%
	EPIC Card Services, LLC	Aviation	100%
	EPIC Jet Cards, LLC	Aviation	100%
	EPIC AvGas Cards, LLC	Aviation	100%
	4909 Nautilus Court North, Boulder, Colorado, 80301-3692		
	QT Petroleum on Demand, LLC	Aviation	100%

Joint Ventures	Principal activity	% Holding
FBOASE, LLC	Aviation	53%
GB Aviation Holdings, LLC	Aviation	50%
Signature Canada FBO Services, Inc.	Aviation	75%
Jacksonville Jetport, LLC	Aviation	50%
Associated Undertakings	Principal activity	% Holding
Hong Kong Business Aviation Centre Limited	Aviation	10%
Hong Kong Business Aviation Centre (China) Limited	Aviation	10%
Signature STT LLC	Aviation	49%
Page Avjet Fuel Co., LLC	Aviation	50%
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 2020 by virtue of section 479 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
H+S Aviation Limited	422128
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

Five Year Summary

Financial statements

	Continuing Group 2020 ¹ \$m	Continuing Group 2019 ¹ \$m	Continuing Group Restated 2018 ¹ \$m	Restated 2017 ² \$m	2016 ³ \$m
118 Consolidated Income Statement					
119 Consolidated Statement of Comprehensive Income					
120 Consolidated Balance Sheet					
121 Consolidated Cash Flow Statement					
122 Consolidated Statement of Changes in Equity					
123 Accounting Policies of the Group					
134 Notes to the Consolidated Financial Statements					
197 Company Balance Sheet					
198 Company Statement of Changes in Equity					
199 Accounting Policies of the Company					
203 Notes to the Company Financial Statements					
210 Subsidiaries and Related Undertakings					
218 Five Year Summary					
219 Shareholder Information					
Income statement					
Revenue	1,413.9	2,260.5	2,131.3	1,857.3	2,149.1
Underlying operating profit	192.8	320.8	277.3	336.5	302.6
Exceptional and other items	(88.2)	(115.9)	(96.9)	(117.4)	(136.5)
Impairment of assets	(4.6)	(12.5)	(14.1)	–	(184.4)
Gain on disposal of business	2.0	–	–	–	–
Transaction costs	(2.8)	–	–	–	–
Net interest	(123.4)	(169.0)	(65.7)	(61.5)	(63.9)
(Loss)/profit before tax	(24.2)	23.4	100.6	157.6	(82.2)
Tax credit/(charge)	5.2	17.6	(17.5)	(39.1)	62.9
(Loss)/profit for the year on continuing operations	(19.0)	41.0	83.1	118.5	(19.3)
Profit/(loss) on discontinued operations, net of tax	9.5	618.5	54.8	(0.8)	(79.6)
(Loss)/profit for the year	(9.5)	659.5	137.9	119.3	(98.9)
Attributable to:					
Equity holders of Signature Aviation plc	(9.6)	659.1	137.6	119.4	(98.9)
Non-controlling interests	0.1	0.4	0.3	(0.1)	–
(9.5)	659.5	137.9	119.3	(98.9)	
Earnings per share on continuing operations⁴					
Basic: Adjusted	6.1¢	16.3¢	16.3¢	21.8¢	19.4¢
Basic: Unadjusted	(2.3)¢	4.0¢	8.0¢	11.5¢	(1.9)¢
Diluted: Adjusted	6.1¢	16.2¢	16.1¢	21.5¢	19.2¢
Diluted: Unadjusted	(2.3)¢	4.0¢	8.0¢	11.4¢	(1.9)¢
Dividends					
Dividends per ordinary share ⁵	–	14.77¢	14.07¢	13.40¢	12.75¢
Balance sheet					
Non-current assets	3,937.6	4,026.2	3,372.7	3,345.0	3,427.5
Net current assets	129.9	7.6	247.1	34.9	286.1
Total assets less current liabilities	4,067.5	4,033.8	3,619.8	3,379.9	3,713.6
Non-current liabilities	(2,353.3)	(2,273.7)	(1,475.6)	(1,272.3)	(1,635.0)
Non-current provisions and deferred tax liabilities	(124.1)	(112.7)	(200.0)	(174.4)	(160.0)
Net assets	1,590.1	1,647.4	1,944.2	1,933.2	1,918.6
Capital employed					
Called up share capital	510.6	510.1	509.3	509.0	508.7
Reserves	1,078.1	1,134.9	1,432.6	1,422.7	1,408.3
Shareholders' funds	1,588.7	1,645.0	1,941.9	1,931.7	1,917.0
Non-controlling interests	1.4	2.4	2.3	1.5	1.6
	1,590.1	1,647.4	1,944.2	1,933.2	1,918.6
Capital expenditure	84.3	80.6	93.1	85.3	113.0
Average number of employees	5,220	6,690	6,962	6,745	6,848

1 The Five Year Summary is prepared with 2018-2020 presented as the Continuing Group as reported. Underlying profit and adjusted earnings per share are stated before exceptional and other items. Significant changes in the Group in 2019 included the disposal of the Ontic business and the adoption of IFRS 16 on 1 January 2019. The Group applied the modified-retrospective transition method approach on adoption of IFRS 16 and consequently other years have not been restated. 2019 has been restated for an adjustment relating to pensions as set out in note 19 of the Consolidated Financial Statements.

2 In 2018 the Group planned the sale of its EPO business so the results for this business are excluded from the Continuing Group results for the years 2017 to 2020.

3 In 2016 there were significant changes in the Group as a result of the rights issue and the acquisition of Landmark so the financials presented above are not comparable with other years.

4 Earnings per share for 2019 and 2020 is presented on a post IFRS 16 basis which means it is not comparable with other years.

5 2019 dividends per ordinary share does not include the special dividend that was paid to shareholders on 13 December 2019 (see note 5 of the Consolidated Financial Statements).

Shareholder Information

Shareholdings

As at 31 December 2020, there were about 3,340 shareholders on the register of members.

Dividends

There will be no final dividend in respect of 2020.

Dividend Reinvestment Plan

A Dividend Reinvestment Plan is available, giving ordinary shareholders the option to buy shares in lieu of a cash dividend. Dividend Reinvestment Plan terms and conditions are available upon request from the Company's registrar via the registrar's helpline on 0371 664 0300 (calls are charged at the standard geographical rate and may vary by provider); lines are open 9.00 am to 5.30 pm, Monday to Friday (overseas +44 (0)371 664 0300), by email: shareholder.services@linkgroup.co.uk or visit www.signalshares.com

Share dealing service

A share dealing service is available for UK shareholders from Link Asset Services to either sell or buy Signature Aviation plc shares. For further information on this service, please visit www.linksharedeal.com (online dealing) or 0371 664 0445 (telephone dealing). Call costs vary by provider. Lines are open 8.00 am to 4.30 pm, Monday to Friday.

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomical to sell, may wish to consider donating them to charity through ShareGift, a registered charity (charity no. 1052686). Further information is available by visiting www.sharegift.org or by telephoning ShareGift on 020 7930 3737.

Financial calendar

	Date payable
Dividend and interest payments	
Ordinary shares:	
final 2020	not applicable
5% cumulative preference shares	February 2021 and August 2021
	Date announced
Announcement of Group results	
Half-year result	August
Annual results	March

Share price information

The price of the Company's shares is available at www.signatureaviation.com.

For the purpose of Capital Gains Tax (CGT) calculations, the base cost of the old BBA Group plc shares held immediately before the demerger on 17 November 2006 has to be apportioned between BBA Aviation plc shares and Fiberweb plc shares. The ratio is BBA Aviation plc shares 84.73%, Fiberweb plc shares 15.27%. This is based on the respective market values on 17 November 2006, determined according to CGT rules at that time, of 281.155p for BBA Aviation plc shares and 170.5p for Fiberweb plc shares.

This information is provided as indicative guidance. Any person wishing to calculate their CGT should take their own financial advice from their accountant or other authorised financial adviser and if they are in any doubt about their taxation position they should obtain professional advice.

All ordinary shares in issue and outstanding as at 6pm on 22 November 2019 of 29⁹/₂ pence each in the capital of the Company were subdivided into ordinary shares of 7³⁷/₆₄ pence each in the capital of the Company.

Immediately thereafter, all such shares of 7³⁷/₆₄ pence were consolidated into new ordinary shares of 37¹⁷/₆₄ pence in the capital of the Company.

Company registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 4TU
Telephone: 0371 664 0300
(calls are charged at the standard geographical rate and may vary by provider)
Lines are open 9.00 am to 5.30 pm, Monday to Friday
From outside the UK: +44 (0)371 664 0300
Email: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

Please contact the registrar directly if you wish to advise a change of name, address or dividend mandate or wish to participate in the Dividend Reinvestment Plan or wish to elect to take your dividend in US dollars rather than receive it in the default currency of sterling.

You can access general shareholder information and personal shareholding details from our registrar's website. Our registrar provides a share portal through which you can view up-to-date information and manage your shareholding. You can register for this service via www.signalshares.com. You will require your Investor Code (IVC), which can be found on your share certificate or dividend confirmation, to register for the share portal service or to access other information from the registrar's website.

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, not to the Company's registrar, or to the Company.

Shareholder Information – continued**Financial statements**

118 Consolidated Income Statement	Warning to shareholders – boiler room share scams	
119 Consolidated Statement of Comprehensive Income	Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or offered an inflated price for shares that investors already own. These calls come from fraudsters operating in "boiler rooms" that are mostly based abroad. Signature Aviation plc is aware that, in common with other companies, a small number of our shareholders have received unsolicited telephone calls concerning their investment in the Company, which may have been from fraudsters.	
120 Consolidated Balance Sheet	Callers can be very persistent and extremely persuasive. Shareholders are advised not to give details of their email addresses or other personal details to any third party that they do not know. Further information can be found on the Company's website at www.signatureaviation.com under investors.	
121 Consolidated Cash Flow Statement		
122 Consolidated Statement of Changes in Equity	Table of information in compliance with Listing Rule 9.8.4C	
	Clauses	Reference
123 Accounting Policies of the Group	A statement of the amount of interest capitalised by the Group during the period under review with an indication of the amount and treatment of any related tax relief.	Note 3 to the Consolidated Financial Statements
134 Notes to the Consolidated Financial Statements	Details of any contract of significance subsisting during the period under review:	Note 28 to the Consolidated Financial Statements
197 Company Balance Sheet	a) to which the listed Company, or one of its subsidiary undertakings, is a party and in which a director of the listed Company is or was materially interested; and	
198 Company Statement of Changes in Equity	b) between the listed Company, or one of its subsidiary undertakings, and a controlling shareholder.	
199 Accounting Policies of the Company	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends, where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	Note 21 to the Consolidated Financial Statements
203 Notes to the Company Financial Statements	Any matters not listed above are not applicable.	
210 Subsidiaries and Related Undertakings	Registered office	
218 Five Year Summary	105 Wigmore Street	
219 Shareholder Information	London	
	W1U 1QY	
	Telephone: +44 (0)20 7514 3999	
	www.signatureaviation.com	
	Email: info@signatureaviation.com	
	Registered in England	
	Company number: 53688	

This Annual Report is addressed solely to members of Signature Aviation plc (the Company) as a body. Neither the Company nor its directors, employees, agents and advisers accept or assume responsibility – to any person for this Annual Report beyond the responsibilities arising from the production of this Annual Report under the requirements of applicable English company law. Sections of this Annual Report, including but not limited to the Strategic Report, Directors' Report and Directors' Remuneration Report, may contain 'forward-looking statements' about certain of the Company's current plans, goals and expectations relating to future financial condition, performance, results, strategy and objectives including, without limitation, statements relating to: future demand and markets of the Group's products and services; research and development relating to new products and services; liquidity and capital; and implementation of restructuring plans and efficiencies. Statements containing the words "believes", "intends", "targets", "estimates", "expects", "plans", "seeks" and "anticipates" and any other words of similar meaning are forward-looking. These 'forward-looking statements' involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future which may be beyond the Company's control.

Accordingly, actual results may differ materially from those set out in the forward-looking statements as a result of a variety of factors including, without limitation: changes in interest and exchange rates, commodity prices and other economic conditions; negotiations with customers relating to renewals of contracts and future volumes and prices; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation. The Company undertakes no obligation to update or revise any forward-looking statement in this document or any other forward-looking statements it may make, whether as a result of new information, future events or otherwise. Consequently, such forward-looking statements should be treated with caution due to the inherent uncertainties (including, without limitation, both economic and business risk factors) underlying such forward-looking statements or information.

Pages IFC to 111 inclusive consist of a Strategic Report and Directors' Report including the Directors' Remuneration Report that have been drawn up and presented in accordance with and in reliance upon applicable English company law. The liability of the directors in connection with such reports shall be subject to the limitations and restrictions provided by, and shall be no greater than is required by, applicable English company law.

Nothing in this Annual Report should be construed as a profit forecast.

Designed by SALTERBAXTER MSL.

Photography by Jay Watson, Martin Adolfsson, Chad Baumer and members of the Signature Aviation team.

Board and SLT photography by Anna Batchelor, Jo Hanley, The Headshot Guy, David Woolfall and Charles LeRette.

Some of the photographs used in this Annual Report were taken before the COVID-19 pandemic.