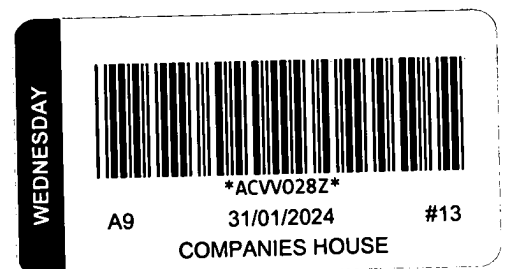


Company registration number 00509585 (England and Wales)

SWISSPORT GB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



SWISSPORT GB LIMITED

COMPANY INFORMATION

Directors	S Harrop	(Appointed 11 January 2022)
	K Cox	(Appointed 21 April 2023)
	L Hayhoe	(Appointed 20 February 2023)
Secretary	LDC Nominee Secretary Limited	
Company number	00509585	
Registered office	Swissport House Hampton Court Manor Park Runcorn Cheshire United Kingdom WA7 1TT	
Auditor	Ernst & Young LLP Edward Pavilion Royal Albert Dock Liverpool L3 4AF	

SWISSPORT GB LIMITED

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SWISSPORT GB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal activities

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

Review of the business

Revenue for the year ended 31 December 2022 was £236.1m (2021: £126.9m), and loss before taxation for the year ended 31 December 2022 was £17.3m (2021: £2.0m).

The COVID-19 impact on the global aviation sector has been seismic. UK aviation itself was grounded not once but three times during 2020 and for the first four months of 2021. The aviation sector started trading again in the second half of the year, with a fast climb back from a standstill with the official travel ban ending in May 2021. Revenue in 2022 was 81% of the balance reported pre pandemic in 2019 to register an operating loss of £14.6m (2021: £1.5m operating profit). For the full year ending 31 December 2021, the Company received £17m in Coronavirus Job Retention Scheme grant, but no equivalent payments were received in the year ending 31 December 2022 and during 2022 received £2m (2021: Received £4.5m) from the Airport and Ground Operators Support Scheme (AGOSS). The income is shown as other operating income in the income statement.

Cyber security incident

On 3 February 2022, certain Swissport systems were affected by a cybersecurity incident impacting a European data centre in Germany managed by Swissport's third-party service provider and resulting in certain Swissport files being encrypted. When Swissport International AG learned of the incident, it launched an investigation, notified law enforcement, and engaged cybersecurity experts to help assess the scope of the incident and take steps to mitigate the potential impact. The investigation is complete and it has been confirmed that none of the Company's data has been compromised. The costs incurred by Swissport International AG related to the ransomware attack includes amongst others legal fees, consultant fees and costs related to the impact of system-related productivity in the operations.

War in Ukraine

End of February 2022, Russia invaded Ukraine. Economic sanctions were imposed against Russia and Belarus, targeting exchanges in specific economic sectors. While the Russian invasion of Ukraine affected oil prices and increased air ticket prices, the desire to travel remains strong. As at the date of approving these financial statements, the outstanding receivables with Russian and Belarussian carriers were immaterial to the Company. The total impact of the economic sanctions against Russia is not expected to be material to the company.

Refinancing

On 30 September 2022, Radar Topco S.à r.l., Swissport Group's holding company (or the "Company"), announces that Radar Bidco S.à r.l., a wholly owned subsidiary of the Company, has completed a new Term Loan offering in an aggregate principal amount of EUR 600m with maturity of September 2027. The Company has also entered into a new EUR 200m Super Senior Revolving Credit Facility / ancillary facility with maturity of March 2027. Swissport GB Ltd will remain as a guarantor for the new arrangements.

SWISSPORT GB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

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

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

External Risks

Competition

The Company operates in very competitive markets. Previously airport operating licences limiting service alternatives at each airport minimised this risk, but this is increasingly less of a barrier to entry. The Company spends considerable resources on continuously improving productivity and unit labour costs and planning and rostering systems in particular are being continuously improved. The Company periodically refreshes its fleet of ground handling equipment which increases operating costs. The Company is the third-party ground handling and cargo handling market leader in the UK and a Group member of the Global market leader.

Customer Liquidity

The Company's main customers are airlines for whom liquidity may be an issue, particularly during a downturn in demand when there is an increased risk of a major customer seeking creditor protection. A strong culture of credit control within the Company ensures that this exposure is limited.

Economic activity

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

COVID-19 Risks

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

Cyber risk

The company is at a greater risk of a cyber-attack given that it operates in a crucial infrastructure as was evidenced by the Groupwide Cyber-attack in February 2022. The business continues proactively managing risks associated with data loss, GDPR non-compliance, and data control weaknesses. Failure to prevent a cyber-attack or data breach could negatively impact our customer and employee data, ground handling and cargo operations, financial reporting systems and stakeholder confidence. It could ultimately result in fines levied by the ICO. Swissport Implemented several enhanced security protocols to mitigate future attacks; this includes 2-factor authentication and regular communication from group IT on how to identify and avoid phishing scams. Periodic Cyber Awareness training has been implemented and system improvements have been introduced to assist our people to identify suspicious communications.

SWISSPORT GB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Internal Risks

Health and Safety

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

Accidental damage

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

Failure to deliver

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

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

Financial Risks

Price risk

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

Credit risk

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

Liquidity risk

The company aims to minimise liquidity risk by managing cash generated by its operations in line with group policies and is improving its treasury management controls. The company also benefits from the support of its penultimate parent company, Swissport International AG. As at 31 December 2022 the company was in net current liability position of £114.7m (2021: £91.6m).

Interest rate risk

External borrowings are predominantly finance leases with fixed repayments including an interest element. Interest accrues on our receivable loan from our Group Treasury pooling facility at a margin of EURIBOR.

SWISSPORT GB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

KPI's applicable to the Company are:	2022 £000	2021 £000	Increase/(decrease) vs PY %
Revenue	236,055	126,862	86.1
Operating (loss)/profit for the financial year	(14,587)	1,517	(1,061.6)
EBITDA	(2,166)	14,077	(115.4)

Revenue consists of aeronautical income generated from cargo handling, ground handling and other services provided to various airports throughout the United Kingdom.

Operating loss was £14.6m (2021: £1.5m operating profit) and EBITDA of £2.2m loss (2021: £14.1m profit) for the financial year. The operating profit and EBITDA includes Coronavirus Job Retention Scheme (CJRS) income of £Nil (2021: £17m), Airport and Ground Operators Support Scheme (AGOSS) income of £2.0m (2021: £4.5m), the severance and redundancy costs of £1m (2021: £2m).

Section 172(1) Statement

This statement set out, in accordance with section 414CZA of the Companies Act 2006 how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider that the Directors have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Companies Act 2006) in the decisions taken during the year. In doing so have regard (amongst other matters) to;

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

Board Composition

The Company is a subsidiary of an International Group of Companies. The Board of Directors is made up of three executive Directors who have been selected owing to their demonstrable track record of success in the industry and chosen specialism. The Director's performance is reviewed annually by the shareholder, and there is regular communication between the Directors and the corresponding Director of Swissport International AG to ensure that the goals of the Company are aligned to that of the International Group.

In addition to a scheduled programme of quarterly Board meetings, the Directors meet weekly, with the Executive Leadership Team (ELT), during which there is feedback from various business areas, with particular focus on specific stakeholder groups.

Remuneration

Director and key executive remuneration determined by Swissport Group's Directors. The performance of the Directors is reviewed against the appropriate long-term and short-term targets which are set annually and measured throughout the period. The company provides incentives which are linked to performance, targets are set by the Swissport Group Directors and cascaded down to the Directors and key executives of the Company.

Purpose and Leadership

The Board meetings incorporate the key and recurring feedback which has been received by the ELT and implementing a long-term strategy, governance, and control to ensure that the company continues to achieve sustainable growth while enhancing the reputation of the business amongst all stakeholders.

The Board of directors regularly reviews the business' principal suppliers, customers, and other stakeholders and how we engage with them.

SWISSPORT GB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Stakeholder Engagement

Key Stakeholders are:

- The shareholder – Swissport International AG
- Key customers including airlines, airports and airport authorities
- IATA and other international aviation industry associations
- Key suppliers
- Air passengers
- Shippers and forwarders
- Our people
- Trade unions and work councils
- Local communities

The Board of directors regularly reviews the business' principal stakeholders and how it engages with them.

Customers

Swissport delivers high-quality airport ground and air cargo handling services, ranging from single passenger, ramp, and cargo handling services to full hub outsourcing solutions. Customer and stakeholder relations are critical factors for our success. The company is structured provide dedicated account managers to Airlines with whom they communicate on a frequent basis, Station Managers for Ground Handling and Cargo operations to ensure that on the ground service is maintained consistently and Airport Lounge Managers to ensure service delivery to our passengers remains high.

Employees

The Company has a large workforce and maintains with a well-developed structure through which it engages regularly with employees and their representatives, such as works councils and trade unions. The Company engages early with employees regarding upcoming changes, including but not limited to remuneration. During these points of contact Management seek feedback from employee groups which is then considered within the ELT meetings.

Health and Safety

The Board also receives a regular health and safety update so it can understand risks to employees, how performance is progressing, and the steps taken to improve employee safety.

Suppliers

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

Shareholders

The Company is part of the Swissport International Group to which the Board is accountable. A formal monthly review of performance is provided to the Group CEO and CFO with more frequent updates provided by the Company's Directors.

Engaging with the Environment

In our efforts to reduce the negative environmental impact of our operations, we focus on the efficient use of resources, effective planning, lean processes, and invest in eco-friendly equipment and infrastructure. This approach supports our ambition to achieve profitable growth and focus on value creation through sustainable business practices. Significant new initiative introduced by the Company is the deployment of fully electric and hybrid GSE (eGSE) instead of fossil-fuel powered vehicles. The pace of transition to eGSE is limited to the availability of new equipment with the market, we will utilise our strong supplier relationships to ensure that Swissport orders are prioritised where, possible the availability of electric grid capacity and charging infrastructure available at Airports.

SWISSPORT GB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Engaging with the Community

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

High Standards of business conduct

During the course of the financial year, the Board receives a number of updates in relation to (amongst other things) its tax position, the external audit, safety standards, its pension schemes as well as receiving business updates in order to ensure the business is well run and operates to the standards that could be expected of a business of its size. These collectively provide an opportunity for the Board to reflect on the company's standards of business conduct.

On behalf of the board



S Harrop
Director

31 January 2024

SWISSPORT GB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Results and dividends

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

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

Directors

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

S Harrop	(Appointed 11 January 2022)
K Cox	(Appointed 21 April 2023)
J Winstanley	(Resigned 21 April 2023)
C Wallace	(Resigned 20 February 2023)
N Kaddouri	(Resigned 11 January 2022)
L Hayhoe	(Appointed 20 February 2023)

Financial instruments

The company's operations are funded through a combination of leases, loans from other companies within the Swissport International Group, equity and working capital (accounts receivables less accounts payables). The financial risks are described in the Strategic Report.

Disabled persons

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

Employee involvement

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

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

Post reporting date events

Global economy & cost of living crisis

The recession forecast for the global economy, the cost-of-living crisis, and the increase in interest rates may reduce the demand for international travel and the passenger numbers going through United Kingdom airports but is anticipated not to have a material impact on the company for 2024 as the general trend forecast by the industry is for continued growth.

Employer liability

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

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

In line with the requirements of IAS 37 no provision for the costs associated with these incidents has been made at 31 December 2022 due to the time of their occurrence after the balance sheet date.

SWISSPORT GB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The war in Gaza and the Bank of England warning of a potential recession are recent events which may have an impact on operations. The Directors continue to keep both matters under review and consider their impact on the business.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The company has gathered data regarding scope one and scope two carbon emissions (as defined by the GHG Protocol) for the financial year to 31st December 2022 from its UK operations for inclusion in Company Reporting (2020) as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation. The combined scope one and scope two carbon emissions for the period was recorded at 9,280 tCO₂e (2021: 4,015). The intensity rate for the period is calculated at 36.421 tCO₂e per £m of revenue from the company group operations. A detailed breakdown of our energy consumption by scope is included within our return.

	2022 kWh	2021 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	38,754,399	16,829,832
	2022 metric tonnes	2021 metric tonnes
<i>Emissions of CO₂ equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	8,004.00	2,888.00
- Fuel consumed for owned transport	-	-
	8,004.00	2,888.00
Scope 2 - indirect emissions		
- Electricity purchased	1,276.00	1,127.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	-	-
	-	-
Total gross emissions	9,280.00	4,015.00
<i>Intensity ratio</i>		
Intensity rate tCO ₂ e / £100,000 revenue	36.421	31.638

Quantification and reporting methodology

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

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

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

SWISSPORT GB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Boundaries

The inclusion in this scope is:

Scope One

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

Scope Two

- Imported Electricity

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

Statement of disclosure to auditor

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

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

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

SWISSPORT GB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The financial statements have been prepared on the going concern basis. In assessing the going concern assumptions, the Board has assessed the forecast outturns and assessed identified downside risks and mitigating actions for a period to 31 January 2025.

The COVID-19 crisis has significantly impacted the financial performance of all organisations in the industry, including the Company, most noticeably during the most severe restrictions on movement and international travel, which were in 2020 and early 2021. Globally, many markets have re-opened, and current activity levels are rebounding. Recent industry analysis gives a more stable view of expected activity levels over the going concern assessment period to 31 January 2025. In their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport Group.

The Directors know that inflation and the cost-of-living crisis will likely have a residual impact in 2024 as markets adjust. The budget and plan assumed an inflation rate of 5% for labour in 2024. The Company has no external funding; therefore, the current interest rate increase does not adversely impact the Company's finances. The Board has considered the forecasts, downside sensitivities, reverse stress test, and the cash resources available to the Company. It has determined that the actions it has taken and measures the Company have available in the future, should they be required, are sufficient to mitigate the uncertainty. General staff attrition levels and contract details allow the Company to manage its labour costs where necessary. Lease expenditure can be reduced, and experience gained during the pandemic has also shown that non-labour station overheads can be reduced when necessary.

Taking this into account and to assess the Company's ability to remain a going concern, management has modelled both a base case scenario and a severe but plausible downside scenario through to 31 January 2025. The downside scenario assumes a reduction in passenger revenue from the base case of 10%. Under the severe but plausible downside scenario management have assumed a cash outflow in December 2024 relating to settlement of several potential claims (refer to note 27). During 2024 under the base case scenario the forecast cash balance ranges from a low of £(2.6)m, which will be remediated by the Company's cash pooling arrangement and a high of £25.6m, with a 31 January 2025 closing balance of £18.8m. Under both the base case scenario and the severe but plausible scenario, the Company would require financial support from its parent entity.

The Directors assessed what level that revenue would need to fall to that would render the going concern assumption invalid, even with parental support. This reverse stress test was run at a 67% reduction in revenue; however, it is assumed staff can be made redundant and other further cost savings made in this severe downside scenario to mitigate the impact. The Directors, therefore, consider this a remote and implausible scenario.

Given the need for parental support under both the base case and severe but plausible scenarios, the Directors have obtained from Group their written confirmation that they will not seek repayment of intercompany loans (amounting to £227m at the balance sheet date) and that they will provide financial support to the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities through to 31 January 2025 up to a maximum aggregate amount of £40m. The directors have acknowledged the letter of support and are satisfied with its contents.

The Directors have considered the availability of that support from Group holding companies during adverse circumstances, also taking into account that Group completed a refinancing in September 2022 in which the Group was subsequently made a cross-guarantor. They have reviewed the base and severe but plausible downside forecast Group cash flows over the assessment period and concluded that Group would indeed be able to provide the funding support. In coming to this conclusion, the Directors considered the Group's historical forecasting accuracy, the assumptions underpinning the forecast, and the amounts and timings of the cashflows, particularly noting the availability of cash balances and undrawn facilities.

As a result of the above review and analysis, the Group continues to adopt the going concern basis in preparing its financial statements.

SWISSPORT GB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



S Harrop
Director

31 January 2024

SWISSPORT GB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

SWISSPORT GB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWISSPORT GB LIMITED

Opinion

We have audited the financial statements of Swissport GB Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 38 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Analysis of management's base case and downside scenarios throughout the review period together with analysis of the assumptions contained within. Used internal industry specialist to assist with assessing key assumptions as well as looking for contradictory evidence through industry analyst forecasts
- Performing independent analysis and further downside sensitivities which demonstrated no liquidity breaches throughout the review period.
- Assessed sufficiency of parental support provided through to 31 January 2025 and in particular assessed appropriateness of headroom in respect of funding support cap on base and severe but plausible downside
- Obtained evidence from primary team to assess parent company ability to provide support together with headroom available under base case model. Analysis included reverse stress test on group forecast together with analysis of key assumptions therein. Assessing the appropriateness of management's scenarios in light of the latest data available in relation to COVID-19, inflation levels, the cost of living crisis and the conflict in Ukraine and Russia.
- Analysis of management's reverse stress test together with analysis of the assumptions contained within.
- Performing clerical accuracy checks on the information presented by management on their future forecasts for the business.
- Agreeing opening cash balance in the model to bank statements.
- Considering prior periods forecasting accuracy by management.
- Assessing the appropriateness of the going concern disclosure within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 January 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

SWISSPORT GB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWISSPORT GB LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

SWISSPORT GB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWISSPORT GB LIMITED

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

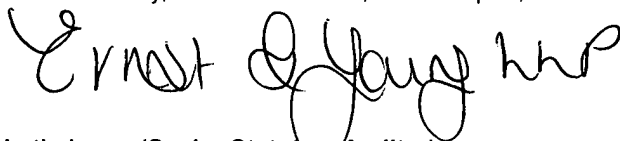
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with employment law and regulations, health and safety and GDPR.
- We understood how Swissport GB Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reading supporting documentation and minutes of meetings of those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by assessing risk of fraud absent of controls, and then identifying controls which are in place at an entity level and whether the design of these controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statements level to prevent this, as well as incorporating data analytics in our audit approach.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of management and those charged with governance, reading of board minutes, correspondence with regulators and external specialists and evaluating any matters of non compliance.

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

Use of our report

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



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

31 January 2024

Chartered Accountants
Statutory Auditor
Liverpool

SWISSPORT GB LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	4	236,055	126,862
Cost of sales		(201,328)	(109,030)
Gross profit		34,727	17,832
Other operating income	5	1,979	21,735
Administrative expenses		(51,293)	(37,521)
Impairment of loans		-	(529)
Operating (loss)/profit	5	(14,587)	1,517
Finance income	8	561	-
Finance costs	9	(3,255)	(3,551)
Loss before taxation		(17,281)	(2,034)
Income tax (expense)/income	10	(2,921)	2,693
(Loss)/profit for the year		(20,202)	659

All results derive from continuing operations.

The notes on pages 22 to 55 form part of these financial statements.

SWISSPORT GB LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
(Loss)/profit for the year	(20,202)	659
	<u> </u>	<u> </u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial (loss)/gain on defined benefit pension schemes	(4,107)	18,613
Tax (charge)/credit relating to items not reclassified	(143)	(1,475)
	<u> </u>	<u> </u>
Total items that will not be reclassified to profit or loss	(4,250)	17,138
	<u> </u>	<u> </u>
Total comprehensive (loss)/income for the year	(24,452)	17,797
	<u> </u>	<u> </u>

All results derive from continuing operations.

The notes on pages 22 to 55 form part of these financial statements.

SWISSPORT GB LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	13,715	14,459
Right-of-use assets	12	30,105	31,058
Investments	13	20,092	20,092
Other receivables	17	8,551	6,923
Deferred tax asset	26	3,096	6,017
		<u>75,559</u>	<u>78,549</u>
Current assets			
Inventories	16	1,009	1,374
Trade and other receivables	17	89,158	43,103
		<u>90,167</u>	<u>44,477</u>
Total assets		<u>165,726</u>	<u>123,026</u>
EQUITY			
Called up share capital	29	27,010	27,010
Share premium account	30	500	500
Other reserves	31	(6,264)	(6,264)
Retained earnings		(111,135)	(86,683)
Total equity		<u>(89,889)</u>	<u>(65,437)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	2,807	3,826
Lease liabilities	25	33,540	32,894
Long term provisions	27	6,933	7,536
Retirement benefit obligations	28	7,486	8,059
		<u>50,766</u>	<u>52,315</u>
Current liabilities			
Trade and other payables	24	184,759	117,284
Borrowings	19	1,015	960
Lease liabilities	25	7,579	9,593
Provisions	27	11,496	8,311
		<u>204,849</u>	<u>136,148</u>
Total liabilities		<u>255,615</u>	<u>188,463</u>
Total equity and liabilities		<u>165,726</u>	<u>123,026</u>

SWISSPORT GB LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

All results derive from continuing operations.

The notes on pages 22 to 55 form part of these financial statements.

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



S Harrop
Director

Company registration number 00509585

SWISSPORT GB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	27,010	500	(6,264)	(104,480)	(83,234)
Year ended 31 December 2021:					
Profit for the year	-	-	-	659	659
Other comprehensive income:					
Actuarial gains on pensions scheme	-	-	-	18,613	18,613
Tax relating to other comprehensive income	-	-	-	(1,475)	(1,475)
Total comprehensive income for the year	-	-	-	17,797	17,797
Balance at 31 December 2021	27,010	500	(6,264)	(86,683)	(65,437)
Year ended 31 December 2022:					
Loss for the year	-	-	-	(20,202)	(20,202)
Other comprehensive income:					
Actuarial gains on pensions scheme	-	-	-	(4,107)	(4,107)
Tax relating to other comprehensive income	-	-	-	(143)	(143)
Total comprehensive income for the year	-	-	-	(24,452)	(24,452)
Balance at 31 December 2022	27,010	500	(6,264)	(111,135)	(89,889)

All results derive from continuing operations.

The notes on pages 22 to 55 form part of these financial statements.

SWISSPORT GB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	38	16,141	14,057
Finance expense		(66)	(12)
Net cash inflow from operating activities		16,075	14,045
Investing activities			
Purchase of property, plant and equipment		(3,507)	(550)
Proceeds from disposal of property, plant and equipment		1	99
Net cash used in investing activities		(3,506)	(451)
Financing activities			
Repayment of bank loans		(1,214)	(1,279)
Payment of lease liabilities		(11,355)	(12,157)
Net cash used in financing activities		(12,569)	(13,436)
Net increase in cash and cash equivalents		-	158
Cash and cash equivalents at beginning of year		-	(158)
Cash and cash equivalents at end of year		-	-

All results derive from continuing operations.

The notes on pages 22 to 55, form part of these financial statements.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

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

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

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

1.2 Going concern

The financial statements have been prepared on the going concern basis. In assessing the going concern assumptions, the Board has assessed the forecast outturns and assessed identified downside risks and mitigating actions for a period to 31 January 2025.

The COVID-19 crisis has significantly impacted the financial performance of all organisations in the industry, including the Company, most noticeably during the most severe restrictions on movement and international travel, which were in 2020 and early 2021. Globally, many markets have re-opened, and current activity levels are rebounding. Recent industry analysis gives a more stable view of expected activity levels over the going concern assessment period to 31 January 2025. In their assessment, the Directors have utilised externally available data to inform their forecast base case for the UK businesses operated by Swissport Group.

The Directors know that inflation and the cost-of-living crisis will likely have a residual impact in 2024 as markets adjust. The budget and plan assumed an inflation rate of 5% for labour in 2024. The Company has no external funding; therefore, the current interest rate increase does not adversely impact the Company's finances. The Board has considered the forecasts, downside sensitivities, reverse stress test, and the cash resources available to the Company. It has determined that the actions it has taken and measures the Company have available in the future, should they be required, are sufficient to mitigate the uncertainty. General staff attrition levels and contract details allow the Company to manage its labour costs where necessary. Lease expenditure can be reduced, and experience gained during the pandemic has also shown that non-labour station overheads can be reduced when necessary.

Taking this into account and to assess the Company's ability to remain a going concern, management has modelled both a base case scenario and a severe but plausible downside scenario through to 31 January 2025. The downside scenario assumes a reduction in passenger revenue from the base case of 10%. Under the severe but plausible downside scenario management have assumed a cash outflow in December 2024 relating to settlement of several potential claims (refer to note 27). During 2024 under the base case scenario the forecast cash balance ranges from a low of £(2.6)m, which will be remediated by the Company's cash pooling arrangement and a high of £25.6m, with a 31 January 2025 closing balance of £18.8m. Under both the base case scenario and the severe but plausible scenario, the Company would require financial support from its parent entity.

The Directors assessed what level that revenue would need to fall to that would render the going concern assumption invalid, even with parental support. This reverse stress test was run at a 67% reduction in revenue; however, it is assumed staff can be made redundant and other further cost savings made in this severe downside scenario to mitigate the impact. The Directors, therefore, consider this a remote and implausible scenario.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Going concern (continued)

Given the need for parental support under both the base case and severe but plausible scenarios, the Directors have obtained from Group their written confirmation that they will not seek repayment of intercompany loans (amounting to £227m at the balance sheet date) and that they will provide financial support to the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities through to 31 January 2025 up to a maximum aggregate amount of £40m. The directors have acknowledged the letter of support and are satisfied with its contents.

The Directors have considered the availability of that support from Group holding companies during adverse circumstances, also taking into account that Group completed a refinancing in September 2022 in which the Group was subsequently made a cross-guarantor. They have reviewed the base and severe but plausible downside forecast Group cash flows over the assessment period and concluded that Group would indeed be able to provide the funding support. In coming to this conclusion, the Directors considered the Group's historical forecasting accuracy, the assumptions underpinning the forecast, and the amounts and timings of the cashflows, particularly noting the availability of cash balances and undrawn facilities.

As a result of the above review and analysis, the Group continues to adopt the going concern basis in preparing its financial statements.

1.3 Revenue

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

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

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings	10 years
Fixtures and fittings	4 years
Airport equipment	4 to 10 years
Computers	4 years
Motor vehicles	4 to 10 years
ROU assets	3 to 15 years

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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

1.5 Inventories

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

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.6 Cash and cash equivalents

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

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

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

Trade and other payables

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

Interest-bearing borrowings

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

Investments in debt and equity securities

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

Intra-group financial instruments

Where the Company enters 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.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment excluding inventories and deferred tax assets

Financial assets (including trade and other receivables)

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

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into a CGU which represents the smallest group of assets which together generate cash inflows from continuing use, and which are largely independent of the cash inflows of other assets or CGUs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs, or a group of CGUs, which are expected to benefit from the synergies of the combination and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets and liabilities

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.8 Equity instruments

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

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end 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 the present value of those cash flows.

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

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

Short-term benefits

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

Termination benefits

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

1.12 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

i) Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii) Lease liabilities

The Company lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company applies the low value asset exemption to leases of office equipment that are low value and the short-term lease recognition exemption to its short-term leases of machinery and equipment which have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

IFRS 16 Leases Covid-19 related rent concessions

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

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

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

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

1.14 Grants

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

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

For the monthly CJRS grant income, the income will be recognised in the period to which the underlying furloughed staff costs relate to. For the AGOSS grant income, the income is recognised in the period against eligible expenses as set out by the Department of Transport (DfT), i.e., business rates or insurance premiums.

1.15 Foreign exchange

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

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

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

New, revised or amended standards and interpretations					Effective Date
Amendments				to*;	1 January 2022
-	IFRS	3	Business	Combinations;	
-	IAS	16	Property, Plant and	Equipment;	
-	IAS	37	Provisions, Contingent Liabilities and	Contingent Assets; and	
-	Annual Improvements 2018-2020				

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

(Continued)

Standards which are in issue but not yet effective

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

New, revised or amended standards and interpretations	Effective Date
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17 Insurance Contracts; including Amendments to IFRS 17**	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

* No significant impacts are expected on the financial statements.

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

New standards will be applied at the effective date.

3 Critical accounting estimates and judgements

The preparation of financial statements required the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

Impairment of cash generating units

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

The Directors have viewed that the current macro-economic position has acted as an impairment review trigger for its long term assets and consequently have assessed the recoverability of its CGU's.

CGUs are determined as airport stations and split between separate cargo and ground handling CGU activities because this is how management monitors operations and makes decisions. The value-in-use calculation is based on a DCF model. The critical accounting estimates are contained within Managements cash flow forecast, which span the life of the asset or the length of the lease. The key area of estimation uncertainty are the growth rates used within the forecasts and the discount rate used in developing the discounted cash flow model. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are detailed further in note 11.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Critical accounting estimates and judgements

(Continued)

Lease Liabilities

Estimating the incremental borrowing rate IFRS 16.26. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

Employers Liability

A provision has been recognised in respect of probable payments in respect of workplace injuries for compensation to employees and regulatory fines. The timing of when these costs would be incurred is uncertain due to variability in the time required for investigations and rulings. Assumptions on timings and amounts of costs are based on industry experts' opinions, past experience and guidance from external legal experts. The amounts provided for regulatory fines are at the top end of the range of potential costs for medium culpability, harm category 2, as advised by external legal experts which provides a sentencing fine range from £0.3m to £1.5m, if an incident were assessed as harm category 1, the category above the fine range would be £1.5m to £6m. The estimate for the probable outflow of payments for compensation to employees has been based on an actuarial valuation prepared by 3rd party insurance actuaries and adopted by management. A key judgment exists when selecting an appropriate provision, based on an acceptable level of error or confidence level, from a range of results. See note 27 for further detail.

Defined benefit plans

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

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

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

Deferred tax asset

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

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

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Revenue

	2022 £'000	2021 £'000
Revenue analysed by class of business		
Airport passenger ground handling	182,932	78,924
Cargo handling	53,123	47,938
	<u>236,055</u>	<u>126,862</u>

All revenue is derived from activities in the UK.

5 Operating (loss)/profit

	2022 £'000	2021 £'000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants - Airport and Ground Operators Support Scheme (AGOSS)	(1,979)	(4,578)
Government grants - Coronavirus Job Retention Scheme (CJRS)	-	(17,157)
Fees payable to the company's auditor for the audit of the company's financial statements	1,012	554
Depreciation of property, plant and equipment and ROU	12,403	12,577
Loss/(profit) on disposal of property, plant and equipment	18	(17)
Severance and redundancy pay	823	1,781
	<u>12,667</u>	<u>(17,157)</u>

6 Employees

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

	2022 Number	2021 Number
Operations	4,608	3,392
Administration	194	143
Total	<u>4,802</u>	<u>3,535</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	149,393	82,664
Social security costs	13,456	6,697
Contributions to defined contribution plans	3,585	3,376
Expenses related to defined benefit plans	609	763
Severance & redundancy costs	823	1,781
Other Operating Income – Coronavirus Job Retention Scheme Grants	-	(17,157)
	<u>167,866</u>	<u>78,124</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

7 Directors' remuneration

	2022 £'000	2021 £'000
Directors' remuneration	864	466
Amounts receivable under long term incentive schemes	41	39
Severance costs and pay in lieu of notice	-	157
	<u>905</u>	<u>662</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	415	279
Company pension contributions to defined contribution schemes	14	13
	<u></u>	<u></u>

8 Interest income

	2022 £'000	2021 £'000
Financial instruments measured at amortised cost:		
Other interest income on financial assets	561	-
	<u></u>	<u></u>

Income above relates to assets held at amortised cost, unless stated otherwise.

9 Finance costs

	2022 £'000	2021 £'000
Total interest expense on financial liabilities measured at amortised cost	248	316
Interest payable on operating leases for right of use assets	2,778	2,856
Net interest on net defined benefit liability	106	367
Net foreign exchange gain	66	12
Other finance costs	57	-
	<u></u>	<u></u>
Total interest expense	<u>3,255</u>	<u>3,551</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Income tax expense

	2022 £'000	2021 £'000
Current tax		
Adjustments in respect of prior periods	-	(750)
Group relief receivable	-	(869)
Total UK current tax	-	(1,619)
Deferred tax		
Origination and reversal of temporary differences	2,922	(791)
Changes in tax rates	-	(283)
Adjustment in respect of prior periods	(1)	-
	2,921	(1,074)
Total tax charge/(credit)	2,921	(2,693)

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

	2022 £'000	2021 £'000
Loss before taxation	(17,281)	(2,034)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(3,283)	(386)
Effect of expenses not deductible in determining taxable profit	1,184	176
Adjustment in respect of prior years	-	(750)
Fixed asset differences	154	(1,134)
Remeasurement of deferred tax for tax rates	152	(5,315)
Impairment of deferred tax asset	4,714	4,716
Taxation charge/(credit) for the year	2,921	(2,693)

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

	2022 £'000	2021 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	143	1,475

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Income tax expense

(Continued)

The recoverability of temporary differences has been impaired due the adverse trading conditions in the aviation sector following the COVID-19 pandemic however the directors believe that some temporary differences remain recoverable.

Factors that may affect the future tax charge

The standard rate of UK corporate tax is 19% and took effect from 1 April 2017. The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and have therefore been reflected in the measurement of deferred tax at the period end.

11 Impairments

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

	2022 £'000	2021 £'000
In respect of:		
Loans	-	529
	==	==
Recognised in:		
Administrative expenses	-	529
	==	==

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Impairments

(Continued)

Station CGU

The recoverable amount of each station cash generating unit (CGU) has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering five years. Station CGUs are split between cargo and ground handling activities. The pre-tax discount rate applied to cash flow projections is 10% and is derived from the companies weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the company. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. cash flows are matched to the life of the assets or in the case of right of use assets the length of the lease within the CGU. The growth rate used is consistent with the industry forecast for the same period, which averages 3.2%, up to 5 years and then utilises the long-term aviation growth rate of 2.1% for annual increases beyond a 5 year period. The management concluded that the carrying amount did not exceed the value in use, and therefore, no impairment was required in the current financial year.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions.

The calculation of value in use for stations is most sensitive to the following assumptions:

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

Growth rates

The 2023 budget assumes that passenger volumes will continue to recover to 90% of 2019 levels. Growth rates are expected to recover to 2019 levels by 2024. A reduction in expected cash flow growth rates by 2% in each year would not result in an impairment.

Discount rates

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

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

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Property, plant and equipment

	Land and buildings £'000	Airport equipment £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	ROU assets £'000	Total £'000
Cost							
At 1 January 2021	1,513	26,343	16,498	6,025	44,186	53,289	147,854
Additions	-	-	500	50	-	12,384	12,934
Disposals	-	(51)	(97)	-	(518)	(5,136)	(5,802)
At 31 December 2021	1,513	26,292	16,901	6,075	43,668	60,537	154,986
Additions	-	797	621	491	1,598	14,338	17,845
Disposals	-	(1,492)	-	-	(5,989)	(9,012)	(16,493)
At 31 December 2022	1,513	25,597	17,522	6,566	39,277	65,863	156,338
Accumulated depreciation and impairment							
At 1 January 2021	932	20,250	12,959	5,423	36,458	26,050	102,072
Charge for the year	50	1,331	946	354	1,819	8,077	12,577
Eliminated on disposal	-	(71)	-	-	(461)	(4,648)	(5,180)
At 31 December 2021	982	21,510	13,905	5,777	37,816	29,479	109,469
Charge for the year	42	1,188	930	214	1,613	8,416	12,403
Eliminated on disposal	-	(1,489)	-	-	(5,728)	(2,137)	(9,354)
At 31 December 2022	1,024	21,209	14,835	5,991	33,701	35,758	112,518

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Property, plant and equipment

(Continued)

	Land and buildings £'000	Airport equipment £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	ROU assets £'000	Total £'000
Carrying amount of owned assets							
At 31 December 2022							
Owned assets	489	4,388	2,687	575	5,576	-	13,715
Right-of-use assets	-	-	-	-	-	30,105	30,105
	<u>489</u>	<u>4,388</u>	<u>2,687</u>	<u>575</u>	<u>5,576</u>	<u>30,105</u>	<u>43,820</u>
At 31 December 2021							
Owned assets	531	4,782	2,996	298	5,852	-	14,459
Right-of-use assets	-	-	-	-	-	31,058	31,058
	<u>531</u>	<u>4,782</u>	<u>2,996</u>	<u>298</u>	<u>5,852</u>	<u>31,058</u>	<u>45,517</u>

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

	Land and buildings £'000	Airport equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Net carrying value at 1 January 2021	18,548	4,641	291	3,759	27,239
Additions	12,362	-	-	22	12,384
Disposals	(3,973)	(89)	-	(1,074)	(5,136)
Depreciation charge	(6,627)	(734)	(72)	(644)	(8,077)
Depreciation eliminated on disposal	3,588	89	-	971	4,648
Net carrying value at 31 December 2021	23,898	3,907	219	3,034	31,058
Additions	11,439	2,899	-	-	14,338
Disposals	(5,701)	(865)	-	(2,446)	(9,012)
Depreciation charge	(6,700)	(1,933)	(73)	290	(8,416)
Depreciation eliminated on disposal	1,185	654	-	298	2,137
Net carrying value at 31 December 2022	<u>24,121</u>	<u>4,662</u>	<u>146</u>	<u>1,176</u>	<u>30,105</u>

13 Investments

	2022 £'000	2021 £'000
Investments in subsidiaries	<u>20,092</u>	<u>20,092</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Investments

(Continued)

Fair value of financial assets carried at amortised cost

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

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

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Indirect
Shamrock Logistics Limited	England and Wales	Dormant	Ordinary	100.00	-
Shamrock Logistics Limited Ireland	Ireland	Distribution agent	Ordinary	-	100.00
Trading Spaces Limited	Ireland	Dormant	Ordinary	100.00	-
Flightcare Multiservices UK Limited	England and Wales	Cleaning and catering	Ordinary	100.00	-
Swissport Stansted Limited	England and Wales	Aircraft handling agent	Ordinary	-	100.00
Swissport Fuelling Services UK Limited	England and Wales	Aircraft refueller	Ordinary	100.00	-
Swissport Fuelling Limited	England and Wales	Aircraft refueller	Ordinary	100.00	-
Swissport Jersey Limited	England and Wales	Aircraft handling agent	Ordinary	100.00	-
Swissport Pension Trustee Limited	England and Wales	Dormant	Ordinary	100.00	-
Flightshare Multiservices Ireland Limited	Ireland	Dormant	Ordinary	-	100.00
International Airline Handling (Cork) Limited	Ireland	Dormant	Ordinary	-	100.00
International Airline Handling (Dublin) Limited	Ireland	Dormant	Ordinary	-	100.00

15 Joint ventures

Details of the company's joint ventures at 31 December 2022 are as follows:

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Joint ventures

(Continued)

Name of undertaking	Registered office	Principal activities	Interest held	% Held Direct
Swissportald Holdings Limited	England and Wales	Airport lounge operator	Ordinary	51.00
SwissportALD Limited	England and Wales	Airport lounge operator	Ordinary	51.00
No 1 Lounges Ltd	England and Wales	Airport lounge operator	Ordinary	51.00
No 1 Lounges (LGW) Ltd	England and Wales	Airport lounge operator	Ordinary	51.00
No 1 Lounges (LHR) Ltd	England and Wales	Airport lounge operator	Ordinary	51.00
No 1 Lounges (BHX) Ltd	England and Wales	Airport lounge operator	Ordinary	51.00

16 Inventories

	2022 £'000	2021 £'000
Raw materials	1,009	1,374

Raw materials and consumables recognised as cost of sales in the year amounted to £6,070,605 (2021: £1,466,465). There were no write downs of inventories during the year (2021: £nil).

17 Trade and other receivables

	Current		Non-current	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	45,872	31,857	-	-
Provision for bad and doubtful debts	(7,145)	(7,737)	-	-
	38,727	24,120	-	-
Insurance reimbursement	-	-	3,863	3,036
Amounts owed by fellow group undertakings	-	2,428	-	-
Amounts owed by joint ventures	-	-	4,688	3,887
Amounts owed by related parties	28,044	9,301	-	-
Other receivables	15,950	6,522	-	-
Prepayments	6,437	732	-	-
	89,158	43,103	8,551	6,923

All trade receivables are repayable within one year. All amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18 Trade receivables - credit risk

Fair value of trade receivables

Other than those disclosed below, no significant receivable balances are impaired at the reporting end date.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Trade receivables - credit risk

(Continued)

Movement in the allowances for impairment of trade receivables	2022 £'000	2021 £'000
Balance at 1 January 2022 and at 31 December 2022	7,145	7,737

19 Borrowings

	Current 2022 £'000	2021 £'000	Non-current 2022 £'000	2021 £'000
Borrowings held at amortised cost:				
Bank loans	1,015	960	2,807	3,826
			2022 £'000	2021 £'000
Secured borrowings included above:				
Bank loans			3,822	4,786

Borrowings at 31 December 2022 represent six 7-year bank loans taken out in 2019 and secured against ground handling equipment. The original loan amounts totalled was £6,596,000 with interest of between 4.4% and 4.7%. The final tranche of borrowing is repayable by November 2026.

20 Fair value of financial liabilities

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

	Carrying value		Fair value	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest bearing loans and borrowings	44,941	47,273	44,941	47,273
Amounts owed to related parties	133,904	82,786	133,904	82,786
Provisions	18,429	15,847	18,429	15,847
Trade and other payables	50,855	34,936	50,855	34,936
	248,129	180,842	248,129	180,842

Cash pooling is the term used to describe a global treasury function whereby UK bank accounts are placed on deposit at group level, so the cash equivalent in the UK is an intercompany payable or receivable with group. In the UK, cash is "pooled" in Swissport UK Holding Limited, the ultimate UK parent of Swissport GB Limited.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Credit risk

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

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

Maximum credit risk	
2022	2021
£'000	£'000
38,727	24,120

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

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

	Gross 2022 £'000	Impairment 2022 £'000	Net 2022 £'000	Gross 2021 £'000	Impairment 2021 £'000	Net 2021 £'000
Not past due	27,052	(321)	26,731	16,753	(122)	16,631
Past due 0-30 days	1,332	(2)	1,330	-	-	-
Past due 31-120 days	3,915	(87)	3,828	6,528	(129)	6,399
More than 120 days	13,573	(6,735)	6,838	8,576	(7,486)	1,090
	45,872	(7,145)	38,727	31,857	(7,737)	24,120

Significant customer receivables with impairments included in the above analysis are Flybe £3.5m, Thomas Cook £1.7m and Blue Air Aviation £1.1m.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Liquidity risk

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

There are no significant concentrations of credit risk within the Company unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. The Company has established procedures to minimise the risk of default by trade receivables including detailed credit checks undertaken before a customer is accepted.

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	1 year or less	1 to <2years	2 to <5years	5 years and over	Contractual cashflow	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021						
Payables to related parties	82,786	-	-	-	82,786	82,786
Trade and other payables	34,936	-	-	-	34,936	34,936
Borrowings	1,181	1,181	2,956	-	5,318	4,786
Lease Liabilities	11,029	10,871	24,263	15,900	62,063	42,487
Provisions	8,311	-	-	7,536	15,847	15,847
	<u>138,243</u>	<u>12,052</u>	<u>27,219</u>	<u>23,436</u>	<u>200,950</u>	<u>180,842</u>
At 31 December 2022						
Payables to related parties	133,904	-	-	-	133,904	133,904
Trade and other payables	50,855	-	-	-	50,855	50,855
Borrowings	1,181	1,181	2,956	-	5,318	3,822
Lease Liabilities	10,551	10,803	20,630	9,166	51,150	41,119
Provisions	11,496	1,000	5,000	933	18,429	18,429
	<u>207,987</u>	<u>12,984</u>	<u>28,586</u>	<u>10,099</u>	<u>259,656</u>	<u>248,129</u>

23 Market risk

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company's assets and liabilities are all in sterling and therefore it has minimal exposure to foreign currency risk.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	11,893	6,591
Purchase related accruals	32,467	22,027
Amounts owed to related parties	133,904	82,786
Other payables	6,495	5,880
	<u>184,759</u>	<u>117,284</u>

25 Lease liabilities

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

	2022 £'000	2021 £'000
Maturity analysis		
Within one year	10,551	11,029
In two to five years	31,433	35,135
In over five years	9,166	15,900
	<u>51,150</u>	<u>62,064</u>
Total undiscounted liabilities	51,150	62,064
Future finance charges and other adjustments	(10,031)	(19,577)
	<u>41,119</u>	<u>42,487</u>
Lease liabilities in the financial statements	41,119	42,487

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

	2022 £'000	2021 £'000
Current liabilities	7,579	9,593
Non-current liabilities	33,540	32,894
	<u>41,119</u>	<u>42,487</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Lease liabilities

(Continued)

	2022	2021
	£'000	£'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	2,778	2,856
Depreciation of right-of-use assets	8,416	8,077
Variable lease payments	3,208	1,490
Short-term lease payments	2,694	1,061
Low-value lease payments	234	990
Total amounts recognised in profit & loss	17,330	14,474

Carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period are set out in Note 12 Property, plant and equipment and Note 19 Loans and borrowings.

The Company had total cash outflows for leases of £11,355,000 in 2022 (2021: £12,145,592).

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

The undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term are nil. The Company only recognised options that it has a legal right to right to exercise, and which are reasonably certain to be exercised. Therefore, there are no undiscounted potential future rental payments other than those already included in the lease liability.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26 Deferred taxation

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

	ACAs	Tax losses	Retirement benefit obligations	Total
	£'000	£'000	£'000	£'000
Asset at 1 January 2021	897	690	4,830	6,417
Deferred tax movements in prior year				
Charge/(credit) to profit or loss	1,848	-	(773)	1,075
Charge/(credit) to other comprehensive income	-	-	(1,475)	(1,475)
Asset at 1 January 2022	2,745	690	2,582	6,017
Deferred tax movements in current year				
Charge/(credit) to profit or loss	(299)	(690)	(2,075)	(3,064)
Charge/(credit) to other comprehensive income	-	-	143	143
Asset at 31 December 2022	2,446	-	650	3,096

Deferred tax on timing differences in respect of fixed assets have been recognised in full as they are expected to be utilised within 5 years. An impairment of the £690,000 deferred tax asset brought forward on losses has been recognised in full and deferred tax in respect of pension scheme timing differences of £1,599,000 have also been impaired in light of the recent trading performance and the element of uncertainty which still exists in the market regarding future trade. Trade is forecast to recover to 90 % of pre -COVID levels within 4 years of the year end. As the aviation industry recovers the company continues to reassess the potential recovery of temporary differences on an annual basis.

Unrecognised deferred tax of in respect of losses was £30,240,272 at the year end (2021: £25,044,000).

The deferred tax asset does not contain any balances related to the BEPS Pillar 2 Legislation. The company has taken the mandatory exemption included within IAS 12.

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Provisions for liabilities

	2022 £'000	2021 £'000
Employers Liability	14,479	12,927
Aviation Liability	2,206	524
Dilapidations	1,744	2,396
	<u>18,429</u>	<u>15,847</u>

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

Current liabilities	11,496	8,311
Non-current liabilities	6,933	7,536
	<u>18,429</u>	<u>15,847</u>

Movements on provisions:	Employers Liability £'000	Aviation Liability £'000	Dilapidations £'000	Total £'000
At 1 January 2022	12,927	524	2,396	15,847
Additional provisions in the year	2,345	1,682	-	4,027
Release of provision	-	-	(652)	(652)
Utilisation of provision	(793)	-	-	(793)
At 31 December 2022	<u>14,479</u>	<u>2,206</u>	<u>1,744</u>	<u>18,429</u>

Employer liability provision

The Company self-insures against losses that occur from employee claims for injury at work up to an excess amount of £1million per claim. Amounts above the excess are underwritten by the Company's external insurers. The level of provision required is determined through an annual external actuarial valuation which considers the incidents which have been reported in the period in addition to a provision for incidents which have been incurred but not reported which is calculated based on actuarial development curves. The actuary provides estimated ultimate losses based on a range of confidence intervals with a value range of £3.8m (10%) to £5.4m (90%) Management has selected the 90% confidence interval for the provision on 31 December 2022 (2021: 90%).

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

Aviation liability provision

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

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Provisions for liabilities

(Continued)

Dilapidation's provision

A provision has been recognised which is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, being the terminal costs of repairing or redecorating leased properties in accordance with lease obligations when returning property to the landlords. Management engaged with external property surveyors and internal legal experts to carry out an inspection of Swissport GB's property portfolio and estimate the probable settlement cost at the balance sheet date. In addition to the surveyors' report, the Swissport management team have also considered the likelihood that a particular property will be exited in the foreseeable future, and experience of amounts paid out for dilapidation charges from landlords on properties that have been exited in prior years.

28 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	3,585	3,376

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

Defined benefit scheme

The Company operates a defined benefit pension scheme that pays out pensions at retirement based on service and previous levels of pay. The Servisair Pension Scheme ("the scheme") is closed to new employees of the Company. The assets of the scheme are held in a trustee fund which required contribution to be made to a separately administered fund. An actuarial valuation of the Servisair Pension Scheme, using the projected unit basis, was carried out on 5 April 2016 by a qualified independent actuary and updated at 31 December 2021.

	2022	2021
Key assumptions	%	%
Discount rate	4.65	1.8
Inflation assumption (RPI)	3.05	3.1
Future Pension RPI up to 2.5% maximum each year	1.8	2.2
Future Pension RPI up to 5% maximum each year	2.8	3.05

Mortality assumptions

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2022	2021
	Years	Years
Retiring today		
- Males	20.4	20.6
- Females	22.9	23.0
Future retiree upon reaching 65		
- Males	21.7	21.8
- Females	24.4	24.5

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Retirement benefit schemes

(Continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.7 years (male), 23.1 years (female).
- Future retiree upon reaching 65: 22.1 years (male), 24.6 years (female).

	2022 £'000	2021 £'000 As restated
<i>Amounts recognised in the income statement</i>		
Net interest on defined benefit liability/(asset)	102	367
Other gains and losses	609	763
Total costs	711	1,130

Of the total expenses for the year, £609,000 is included in cost of sales, £- in distribution costs, £- in administration expenses, £- in investment income and £106,000 in finance costs. The net interest on defined benefit liability/asset and other gains and losses lines in the prior year comparative has been updated to agree to the charges to the income statement.

	2022 £'000	2021 £'000 As restated
<i>Amounts recognised in other comprehensive income</i>		
Actuarial changes arising from changes in demographic assumptions	(1,314)	(1,374)
Actuarial changes arising from changes in financial assumptions	(60,825)	(11,998)
Actuarial changes arising from experience adjustments	3,745	-
Actuarial changes related to plan assets	62,501	(5,241)
Total costs/(income)	4,107	(18,613)

The actuarial changes related to plan assets in the prior year comparative has been updated to agree to the charges to the statement of other comprehensive income.

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

	2022 £'000	2021 £'000
Present value of defined benefit obligations	98,409	158,566
Fair value of plan assets	(90,923)	(150,507)
Deficit in scheme	7,486	8,059

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Retirement benefit schemes

(Continued)

	2022 £'000	2021 £'000
<i>Movements in the present value of defined benefit obligations</i>		
At 1 January 2022	158,566	177,654
Benefits paid	(4,576)	(7,974)
Actuarial gains and losses	(58,394)	(13,372)
Interest cost	2,813	2,258
At 31 December 2022	98,409	158,566

	2022 £'000	2021 £'000
<i>The defined benefit obligations arise from plans funded as follows:</i>		
Wholly unfunded obligations	-	-
Wholly or partly funded obligations	98,409	158,566
	98,409	158,566

	2022 £'000	2021 £'000
<i>Movements in the fair value of plan assets:</i>		
At 1 January 2022	150,507	147,470
Interest income	2,711	1,891
Return on plan assets (excluding amounts included in net interest)	(62,501)	5,241
Benefits paid	(4,576)	(7,974)
Contributions by the employer	5,391	4,642
Other	(609)	(763)
At 31 December 2022	90,923	150,507

Sensitivity of the defined benefit obligations to changes in assumptions

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

		2022 £'000	2021 £'000
Discount rate plus 0.5%	- increase	(7,000)	(14,000)
	- decrease	7,800	15,800
Life expectancy plus 1 year	- increase	2,900	6,800
	- decrease	(3,000)	(5,700)
Inflation (RPI, CPI) plus 0.5%	- increase	4,800	11,300
	- decrease	(4,700)	(11,300)

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Retirement benefit schemes

(Continued)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation on 31 March 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

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

	Quoted 2022 £'000	Unquoted 2022 £'000	Quoted 2021 £'000	Unquoted 2021 £'000
Debt instruments	75,160	-	109,283	-
Property	-	-	14,431	-
Cash and cash equivalents	3,691	-	972	-
Multi asset credit and diversified growth funds	12,072	-	25,821	-
	<u>90,923</u>	<u>-</u>	<u>150,507</u>	<u>-</u>

The expected value of Company contributions to be incurred in the next year is £5,580,000.

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

Management has discussed the ruling Trustees of the Servisair section of the Companies DB scheme ("Servisair") and Servisair's Actuary who has acted continuously on the scheme since 6 April 1997. It was confirmed that Servisair is a contracted-out scheme and that amendments have been made which could impact section 9(2B) rights and that an initial investigation has confirmed that a section 37 certificate exists for the amendments discovered to date. Management has obtained confirmation from the Trustees that appropriate Governance and Controls were in place throughout the period that any amendments were made, and that the trustees had appointed advisors, including as required by the Pensions Act.

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

29 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>27,010,100</u>	<u>27,010,100</u>	<u>27,010</u>	<u>27,010</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

30 Share premium account

	2022 £'000	2021 £'000
At the beginning and end of the year	500	500

31 Other reserves

	2022 £'000	2021 £'000
At the beginning and end of the year	(6,264)	(6,264)

The business and property, plant and equipment of Swissport Limited, a business under common control with the Company, were acquired on 1 January 2016. The company accounted for this transaction using book value accounting. The amount paid in excess of book value of the assets acquired, of £6,264,000, was taken to the other reserve.

32 Contingent liabilities

	2022 £'000	2021 £'000
Employer Liability	1,500	-

A contingent liability has been disclosed in relation to a potential regulatory fine in relation to injury to employees while at work. Management have assessed that, at the balance sheet date that regulatory action is possible. As with the provisions for recorded at the balance sheet date, the legal expert deemed the incident to be within the medium culpability, with harm level 2, category and therefore the sentencing guidelines for regulatory fines range from £0.3m to £1.5m.

33 Capital commitments

During the year ended 31 December 2022, the Company entered into no new contracts to purchase vehicles, equipment, furniture or fittings (2021: £nil).

34 Capital risk management

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

35 Events after the reporting date

Employer liability

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

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

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

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

36 Related party transactions

Other transactions with related parties

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

	Sale of goods		Purchase of goods	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Swissport International Ltd	6,246	3,316	8,620	4,080
SWISSPORT FUELLING LTD	153	-	-	-
SWISSPORT FUELLING SERVICES LTD	146	-	-	-
SWISSPORT KENYA LTD	-	-	244	110
SWISSPORT SOUTH AFRICA PTY LTD	-	-	2	-
Swissport North America Inc	151	93	-	-
SWISSPORT HANDLING SA (SPAIN)	-	1	-	-
S&L Airport Services Ltd	-	-	8	5
SWISSPORT FINLAND OY	-	-	248	-
Swissport Cargo Services Limited	-	42	2,415	-
SWISSPORT MOROCCO	-	-	-	8
Swissport Maroc SA	31	-	38	-
BRADFORD SWISSPORT LTD	-	61	-	-
Checkport Schweiz AG	-	-	16	1
SWISSPORT CARGO SERVICES GmbH	227	-	-	3
Swissport France Holding SAS	-	(4)	-	-
SWISSPORT AMSTERDAM BV	-	-	51	14
SWISSPORT IRELAND LTD	904	1,192	500	525
SWISSPORT JERSEY LTD	401	-	-	-
Swissport Denmark AS	-	-	13	1
HEATHROW CARGO HANDLING LTD	10,488	-	5,087	-
Swissport Canada Inc	-	-	7	1
Swissport Cargo Services Austria GmbH	-	-	4	-
	<u>18,747</u>	<u>4,701</u>	<u>17,253</u>	<u>4,748</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

36 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts due to related parties		Amounts due from related parties	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
SWISSPORT INTERNATIONAL AG	8,587	-	8,689	2,953
Swissport Brasilia Ltda	-	-	23	23
Swissport Cargo Services NV	-	-	-	(2)
Swissport Cargo Services Deutschland GmbH	-	-	70	-
Swissport Kenya	244	-	-	(16)
Swissport South Africa (PTY) Ltd	2	-	-	-
Swissport Oman LLC	-	-	14	13
Swissport Maroc SA	37	-	13	(1)
Swissport Denmark AS	13	-	-	(1)
Swissport Amsterdam BV	51	-	-	-
Swissport Jersey Limited	88	-	-	-
Swissport Canada Inc	7	-	-	-
Swissport France Holding SarL	-	-	-	8
Swissport Ireland Limited	499	-	905	158
Swissport Financing SarL	-	-	-	8
Swissport Limited	5,557	6,264	-	-
Swissport UK Holdings Limited (cash pooling)	107,419	75,870	-	1,777
Swissport Group UK Limited	4	529	3,572	4,101
SwissportALD Limited	-	-	628	904
Swissport Cargo Services	-	-	638	-
Bradford Swissport Limited	-	-	37	3
Swissport Stansted Limited	381	-	-	596
Heathrow Cargo Handling Limited	7,984	-	13,443	1,390
Swissport Holdings Limited	123	123	-	-
Swissport North America, Inc.	-	-	12	-
Swissport Fuelling Ltd	1,864	-	-	-
Swissport Fuelling Services UK Limited	643	-	-	-
S&L Airport Services Ltd	5	-	-	-
Swissport Cargo Services Austria GmbH	4	-	-	-
Swissport Finland Oy	248	-	-	-
Swissport Cargo Services UK Ltd	(374)	-	-	-
Checkpoint Schweiz AG	15	-	-	-
Flightcare Multiservices UK Limited	503	-	-	-
	<u>133,904</u>	<u>82,786</u>	<u>28,044</u>	<u>11,914</u>

SWISSPORT GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

37 Ultimate parent company

The immediate parent undertaking of Swissport GB Limited is Swissport Group UK Limited, incorporated in England and Wales.

The Company's ultimate parent undertaking was Radar Topco SARL at the year end, and the company's results were included in its consolidated financial statements. The Company's intermediate parent undertaking was Swissport UK Holdings Limited at the year end, and the Company's results were included in its consolidated financial statements. The consolidated financial statements of Swissport UK Holdings Limited for 31 December 2022 are prepared under International Financial Reporting Standards and are available to the public and may be obtained from Swissport UK Holdings Limited, Swissport House, Hampton Court, Manor Park, Runcorn, Cheshire, WA7 1TT, United Kingdom.

38 Cash generated from operations

	2022 £'000	2021 £'000
Loss for the year before income tax	(17,281)	(2,034)
Adjustments for:		
Finance costs	3,255	3,551
Finance income	(561)	-
Loss/(gain) on disposal of property, plant and equipment	18	(17)
Depreciation of property, plant and equipment	12,403	12,577
Impairment of investments	-	-
Pension scheme movement	(4,680)	(3,879)
Increase in provisions	1,991	3,802
Movements in working capital:		
Decrease/(increase) in inventories	365	(919)
Increase in trade and other receivables	(46,280)	(11,499)
Increase in trade and other payables	66,911	12,475
Cash generated from operations	<u>16,141</u>	<u>14,057</u>