

Company Registration No. 09990680 (England and Wales)

JAGUAR HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

Parent company accounts of
Journey Group Limited 01944667

See Note 14 Subsidiaries on page 36



JAGUAR HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J Brade C Mills T Sturm
Company number	09990680
Registered office	One Bartholomew Close London EC1A 7BL
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Review of the business

The Group's principal activities during the year were the provision of in-flight catering for domestic and international travel within the United States of America. The main trading company within the Group is Air Fayre CA Inc. (Air Fayre) which currently operates from two sites in North America, being Los Angeles and Memphis.

The key financial performance indicators for the periods were:

	31 December 2020	31 December 2019
Revenue	\$37,022k	\$85,928k
Gross margin	41%	28%
EBITDA (note 33)	\$5,420k	\$7,952k
Operating (loss)/profit	(\$783k)	\$1,838k
Operating (loss)/profit margin	2.1%	2.1%
Gross cash	\$9.7m	\$6.5m
Net cash/(deficit) (note 33)	\$0.7m	(\$4.3m)

The operational facility at Gardena continues as the main site for Air Fayre in Los Angeles. Operations were moved out of the Vermont facility in December 2019 and the lease was finally novated on 15 September 2020. The ongoing cost savings for the business are expected to be around \$900k per annum.

There was a change of leadership within the business during the year, with Joe Golio retiring in April 2020 and Mike Van Aken taking over as President and CEO of Air Fayre. Joe Golio remains on the Board as a non-executive Director.

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial performance

Revenue was lower than the original projections which were set before the covid-19 pandemic struck. With the airline industry being particularly hard hit, the revenue for the year was 43% lower than budget. This was the result of flight volumes being cut to a low of 11% of pre-covid volumes in May and only reaching 49% of pre-covid volumes by December.

The Group achieved a gross margin of 41% in 2020 which was considerably greater than forecast. This increase reflects the impact of the fixed fee revenue of \$5.3m, which does not vary with flight volumes. The underlying handling gross margin increased from 32% to 38%. This was due to further labor efficiencies made during the year.

Given the significant level of finance costs in the business, EBITDA is an important measure of performance. The EBITDA for 2020 of \$5.4m (2019 - \$8.0m) includes, among other things, foreign exchange losses of \$38k (2019 - gains of \$19k) and non-executive director fees of \$145k (2019 - \$119k) and represents a full year of trading. Despite the significant impact of the covid-19 pandemic, and the decreases in flight volumes and revenues for the LA operation, there was upside for the Memphis business with additional services relating to cargo flights. Additionally, the business was able to reduce costs quickly and significantly meaning that operations remained profitable at the EBITDA level.

The operating loss of \$783k (2019 - profit \$1,838k) includes \$3.5m (2019 - \$3.4m) of amortisation charged over the year on goodwill and other intangible assets arising on Jaguar Holdings' acquisition of Journey Group Limited and its subsidiaries. It also included depreciation charges of \$2.7m (2019 - \$2.7m).

A corporation tax credit of \$281k (2019 - charge of \$506k) was incurred for the period. The expected tax credit, based on the rate of corporation tax (UK 19%), was increased due to the effect of overseas Federal and State tax deductions and tax rates on US generated profits.

The net cash balance, after debt, at 31 December 2020 was \$0.68m (2019 - net debt \$4.3m), comprising cash of \$9.7m (2019 - \$6.5m) less debt under finance leases of \$9.0m (2019 - \$10.8m).

Capital management

The Group's capital structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure.

The Group's current and forecast net funds position along with available debt facilities is monitored with the intention of ensuring that, in the opinion of the Board, the Group has and will continue to have, bearing in mind risk, sufficient funds to meet the Group's current and forecast needs and to ensure compliance with financial covenants.

Principal risks and uncertainties

The Group's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks. The Board considers the principal risks faced by the Group are as follows:

- Loss of major customers
- Customer failure
- Competition
- Limited number of suppliers
- Exchange rate risk

The details of the steps taken or the steps that would be taken to mitigate those risks are shown below.

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Risks mitigation

Loss of major customers

The Group has a small number of major customers. As contracts reach their expiry they are normally put out to tender in accordance with industry practice. Accordingly, there is a risk of loss of major clients and associated revenues.

The Group endeavours to provide an excellent service at competitive pricing. In the event of the loss of a major customer, steps would be taken to reduce the Group's cost base.

Customer failure

The Group has a small number of major customers and, accordingly, is exposed to potentially significant bad debts should a major customer become insolvent. The Group operates a credit control policy to reduce the risk of customer failure, although the Group does not have credit insurance in place.

The airline sector was particularly hard hit by the covid-19 pandemic and the airline companies are restructuring their operations to adapt to lower levels of demand. The Group is potentially at risk of customer failure or the loss of service contracts.

The US Treasury provided financial support to US airlines and airline contractors. In return, the airlines were required to operate minimum flight schedules and maintain staff employment levels. This financial support enabled the airlines to continue operating through the worst of the pandemic. Now that the vaccine rollout program is progressing well in the US, it is expected that demand for leisure flights will increase in the coming months, with corporate travel demand after that.

Competition

The Group's competitors may offer superior services or lower prices, which could reduce the attractiveness of the Group's services and result in a reduction in revenue.

The Group endeavours to provide an excellent service at competitive pricing. When revenue fell significantly during the year, as a result of the covid-19 pandemic, steps were taken to reduce the Group's cost base.

Limited number of suppliers

The Group is aware of alternative sources of supply and would take immediate steps should a key supplier fail or cause material disruption in supply.

Exchange rate risk

The Group is exposed to foreign exchange risk arising from transactions in currencies other than the functional currencies. Exposures also arise from intercompany balances being denominated in a currency other than the functional currency of the entity concerned.

Where possible the Group seeks to reduce its exposure by natural hedging. The Group may also enter into derivative transactions, principally forward exchange rate contracts to hedge exchange rate risks.

Unforeseen events

The Group's business models are based on passenger and flight numbers. Unforeseen events such as economic downturn, war, terrorist acts, natural disasters or further disease outbreaks could result in lower passenger and flight numbers leading to a reduction in revenue. Also, unforeseen events could adversely impact the business models of customers resulting in demands for lower prices that the Group may find difficult to resist. These events would be outside the control of the Group. In the event of their occurrence and as was the case with the outbreak of covid-19, steps would be taken to reduce the Group's cost base.

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

In light of the covid-19 pandemic and its continued impact on future business, management have considered a range of scenarios in their assessment of going concern and have prepared additional sensitivity analysis to provide a broader view of the business under different conditions. Sensitivity analysis has been prepared where the forecasts have taken into account the potential loss of a large customer and the going concern status is not affected.

Forecasts

As the airline sector has been severely impacted, this has had a significant impact on the outlook for Jaguar for the next twelve months from the date of approval of these financial statements. The airline sector is expected to recover slowly and is unlikely to reach previous levels for another year or so. It is thought that the US domestic market will recover before the international side and also that the leisure market will recover more quickly than business travel. It is also possible that there could be further waves of pandemic outbreaks and restrictions reapplied, although with the widespread roll out of vaccinations in the US, we have assumed that businesses would not be hit so hard from any further waves.

With consideration of these factors and others, the forecasts prepared by management include assumptions for:-

- Airline sector restrictions, the associated reduced flight volumes and the impact on Jaguar's revenue streams
- Airline flight schedules – the recovery of flights volumes have been considered at different rates and timeframes
- Workforce arrangements and shift patterns to remain compliant with social distancing requirements.

Liquidity

Jaguar Holdings has secured access to sources of liquidity including the following:-

- A US Government grant, under the Cares Act Paycheck Protection Program (PPP) scheme, was paid directly to Airfayre CA inc. in April 2020. The award amount of \$1.7m was used primarily for employee salary costs along with some allowable overheads. Since the year end, a forgiveness application was submitted to the SBA (Small Business Administration) which has confirmed that the loan has been forgiven. The loan has therefore been treated as a grant and recognised as "Other income" in the profit and loss account for the year to 31 December 2020.
- A second PPP loan has been approved and paid to Airfayre CA Inc in April 2021. This second loan is for \$1.4m and it is expected that this will also be forgiven after submitting the relevant application.
- A US Treasury loan was awarded to Airfayre CA Inc. in July 2020. This loan was granted under the Payroll Support Program (PSP) which was specifically provided for airlines and airline contractors. The amount awarded was \$2.66m and has since been fully utilised on employee salary and benefits costs. There are conditions associated with this loan which continue up until March 24 2022. The main condition was a requirement to retain all staff until 30 September 2020. This condition was met but then in early October a total of sixteen staff were terminated as there was no longer a role for these people. Payroll support funds are held in a separate account, which the Treasury has a perfected security interest on. The Treasury has confirmed that this award will be a grant, rather than a loan, provided the ongoing criteria continue to be met. As the requirements continue until March 2022, the income has not been recognised in 2020, but has been shown as a liability on the balance sheet.

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Whilst it is shown as a liability in the balance sheet, the PSP loan will be classed as subordinated debt with respect to the existing longer term debt held with the Group's US bank, Keybank. Therefore, the PSP loan will not affect the existing covenant calculations of servicing and paying off debt.

The airlines themselves have received large grants from the US treasury, to help them continue their operations until restrictions are lifted and business returns to a more normal level. As such, the customers are continuing to pay according to terms and suppliers are being paid as usual.

The Group cash projections show good liquidity for the next twelve months with only a small level of cash consumption. The directors therefore consider that the Group and the Company have sufficient financial resources to continue in operational existence for the foreseeable future, which is considered to be a period of 12 months from the approval of the financial statements and, therefore, it is appropriate to adopt the going concern basis in preparing these financial statements.

Future developments

The Group is well established and has the management and experience to navigate through the next year, which will be challenging in a number of ways due to the ongoing Covid-19 pandemic. Air Fayre has already adapted well to the changing circumstances and with a flexible workforce model, it is well positioned to scale up or down as necessary, in response to changing customer demands.

The directors do not consider that there will be significant developments or plans for change in the company's activities in the near future, but rather a period of restoration and adapting to a new normal over the coming months and years.

Section 172 statement

The following disclosure describes how the board of directors complied with its Section 172 duty. The reporting requirement is an opportunity for the board to explain how dialogue with stakeholders has informed and helped to shape its decisions.

Following the appointment of Mike Van Aken as Air Fayre Chief Executive Officer (CEO) in April 2020, replacing Joe Golio who remains on the board as a non-executive director, the board engaged with Mike and the leadership team to develop the Group's strategy for the year 2020 and beyond.

Through working collaboratively with management and listening to feedback from the Group's stakeholders, the board believes that Jaguar group is well positioned to respond to increasing uncertainty. This is particularly important in light of the impact of the covid-19 pandemic on the airline sector.

Delegation of authority

The board believes governance of Jaguar group is best achieved by delegation of its authority for the executive management to the CEO, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The below shows how we engage and foster strong relationships with some of our key stakeholders:

Customers

- Weekly dialogue and meetings with Customer representatives
- Daily interaction with local operations team
- Regular audits performed by customers to monitor our performance
- Industry and customer events

Employees

Communication methods for dissemination of employee matters:

- E-mail memo and postings in the break rooms, near time clocks and building entrance
- Company intranet: HRIS/payroll announcement pages, Microsoft Teams
- Automated & accessible payroll and HR Information Systems to simplify processes
- Regularly scheduled 1:1 between employees & line managers
- Annual 1:1 meeting (Leadership with each employee) at beginning of each calendar year to discuss overall performance and goals
- Mail notification for legal notices required to be delivered by mail

Employee feedback is received in a multitude of ways but as Air Fayre has an open-door policy, here are some of the avenues how employee feedback is gathered:

- Regularly scheduled 1:1 meetings
- Direct feedback to managers & HR via e-mail or in-person
- Weekly Training Within Industry (TWI) meetings (trainers & team leaders discuss ideas, etc.)
- Pulse survey
- 360 feedback channels

Additionally, the company encourages staff to participate in continuing education & industry events for HR members to understand up to date labour laws and industry trends.

Government and regulators

- Collaborate with stakeholders at airline industry group meetings
- Frequent dialogue with key regulatory officials on latest trends
- Conduct Supplier audits with record review and verification to ensure standards are maintained to requirements
- Review of all regulatory inspections and provide immediate feedback if applicable
- Continually review CFR and applicable literature to ensure compliance if regulations change

Investors and Shareholders

- We have regular, quarterly, board meetings with directors, major shareholders and major investors
- Monthly financial reports are sent to shareholders and investors
- Annual audited financial statements are circulated to shareholders and investors

Partners and Suppliers

- We provide suppliers with access to our costing and pricing system. This supports them, improving control and efficiency and communication
- We engage with food suppliers and visit their sites to support them in meeting our food safety standards
- Regular food safety audits of suppliers' facilities and processes

JAGUAR HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

How our board considers stakeholders in decision making

Strategy

- At every board meeting the directors review, with senior management, the progress against strategic priorities and the changing shape of the business.
- This collaborative approach by the board helps to promote the long-term success of the Jaguar group.
- Ultimately board decisions are made with regard to what it considers to be in the best interest of the long-term financial success of the company, including shareholders, employees, our suppliers and customers.

Performance

- The board regularly reviews performance, with the aim of maintaining financial discipline and delivering strong earnings, cash flow and returns to shareholders.
- They also focus on the operational performance, to ensure a top class and reliable service is provided to our customers.
- Reliability is crucial to both our customers and suppliers.

People

- Jaguar's workforce is key to its success.
- Our people help us maintain a strong reputation for high standards of service delivery
- We engage with our staff through online surveys, discussion groups and company wide communications.
- This enables the management and the board to better understand the interests and concerns of our people.

Governance

- The board, led by the chairman, believes that strong governance is essential to the success of the company.
- The governance framework will continue to drive high levels of business standards and best practice.
- The board will continue to assess and monitor the business. It will look to obtain useful insight and feedback through dialogue with key stakeholders. This feedback will be taken into account in the board's decision-making process.

Customers

- Our customer base is specific to the airline sector and predominantly US based.
- We work closely with our customers to understand their evolving needs so we can improve and adapt to meet them.

Employees

- We work to attract, develop and retain the best talent, equipped with the right skills for the future.
- Being a service provider, our people are critical to the delivery of an excellent service for our customers.
- Our employees are cross-trained across multiple roles and job functions to give flexibility in workforce and continuous improvement.

Government and regulators

- We aim to maintain solid relationships with industry colleagues (IFSA) and government bodies (FDA, USDA, CBP) and engage in dialogue that are of mutual concern to us and environments in which we operate.

Investors and Shareholders

- Our investment proposition is to grow sustainable profits and free cash flow.
- This will enable distributions to shareholders over the long term.
- We engage with our investors and shareholders by sharing updates on our strategic and financial plans

JAGUAR HOLDINGS LIMITED

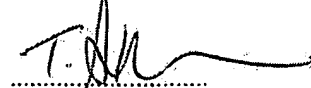
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Partners and Suppliers

- We depend on the capability and performance of our suppliers, contractors and other partners.
- They deliver the products and services we need for our operations.
- We work with suppliers to ensure food safety standards are met.

On behalf of the board



T Sturm
Director

Date: 29 APRIL 2021

JAGUAR HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of Jaguar Holdings Limited ("the company") is continued to be that of a holding company for its group.

The principal activity of the group headed by Jaguar Holdings Limited ("the group") is continued to be that of provision of catering services to the international airline industry.

Directors

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

J Brade
C Mills
T Sturm

Results and dividends

The results for the year are set out on page 15.

No ordinary dividends were paid (2019 - £nil). The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company and its subsidiaries has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- an indication of financial risk management objectives and policies required by paragraph 6(1)(a);
- an indication of exposure to price risk, credit risk, liquidity risk and cash flow risk required by paragraph 6(1)(b);
- details of any events affecting the company and group since the reporting date as required by paragraph 7(1)(a); and
- an indication of likely future developments in the business of the company required by paragraph 7(1)(b).

Statement of disclosure to auditor

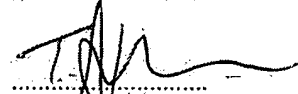
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

JAGUAR HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board:



T Sturm
Director

Date: 29 APRIL 2021

JAGUAR HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR HOLDINGS LIMITED

Opinion

We have audited the financial statements of Jaguar Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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 our audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR HOLDINGS LIMITED (CONTINUED)

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

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

RSM UK Audit LLP

Alan Summerfield CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
Date: 30 April 2021

JAGUAR HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000
Turnover	3	37,022	85,928
Cost of sales		(21,734)	(62,148)
Gross profit		15,288	23,780
Administrative expenses		(17,812)	(21,942)
Other operating income	3	1,741	-
Operating (loss)/profit	5	(783)	1,838
Share of results of associates and joint ventures		-	(24)
Interest receivable and similar income	7	3	13
Interest payable and similar expenses	8	(542)	(710)
Other gains and losses	9	-	289
(Loss)/profit before taxation		(1,322)	1,406
Tax on (loss)/profit	10	281	(506)
(Loss)/profit for the financial year		(1,041)	900

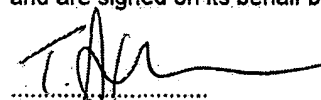
(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

JAGUAR HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 \$'000	2019 \$'000
Fixed assets			
Goodwill	11	6,853	8,020
Other intangible assets	11	8,867	10,892
Total intangible assets		15,720	18,912
Tangible assets	12	15,602	17,543
		31,322	36,455
Current assets			
Stocks	15	369	321
Debtors	16	5,531	7,449
Cash at bank and in hand		9,691	6,496
		15,591	14,266
Creditors: amounts falling due within one year	17	(8,947)	(9,226)
Net current assets		6,644	5,040
Total assets less current liabilities		37,966	41,495
Creditors: amounts falling due after more than one year	18	(36,772)	(38,916)
Provisions for liabilities	21	(3,494)	(3,838)
Net liabilities		(2,300)	(1,259)
Capital and reserves			
Called up share capital	24	1,748	1,748
Share premium account	25	1,829	1,829
Profit and loss reserves	25	(5,877)	(4,836)
Total equity		(2,300)	(1,259)

The financial statements were approved by the board of directors and authorised for issue on 29 April 2021 and are signed on its behalf by:



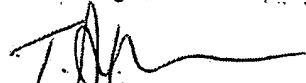
 T Sturm
 Director

JAGUAR HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		2020	2019
	Notes	\$'000	\$'000
Fixed assets			
Investments	13	39,473	39,473
Current assets			
Debtors	16	726	773
Creditors: amounts falling due within one year	17	(10,563)	(10,538)
Net current liabilities		(9,837)	(9,765)
Total assets less current liabilities		29,636	29,708
Creditors: amounts falling due after more than one year	18	(29,933)	(29,933)
Net liabilities		(297)	(225)
Capital and reserves			
Called up share capital	24	1,748	1,748
Share premium account	25	1,829	1,829
Profit and loss reserves	25	(3,874)	(3,802)
Total equity		(297)	(225)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was \$72k (2019 - \$375k loss).

The financial statements were approved by the board of directors and authorised for issue on 29 April 2021 and are signed on its behalf by:



 T Sturm
 Director

JAGUAR HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	1,748	1,829	(5,736)	(2,159)
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	900	900
Balance at 31 December 2019	1,748	1,829	(4,836)	(1,259)
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(1,041)	(1,041)
Balance at 31 December 2020	1,748	1,829	(5,877)	(2,300)

JAGUAR HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	1,748	1,829	(3,427)	150
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(375)	(375)
Balance at 31 December 2019	1,748	1,829	(3,802)	(225)
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(72)	(72)
Balance at 31 December 2020	1,748	1,829	(3,874)	(297)

JAGUAR HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash generated from operations	26		3,329		9,623
Other income PPP loan	19		1,741		-
Interest paid			(542)		(710)
Income taxes paid			(442)		(134)
Net cash inflow from operating activities			4,086		8,779
Investing activities					
Purchase of intangible assets		(265)		(268)	
Purchase of tangible fixed assets		(1,664)		(1,075)	
Proceeds on disposal of tangible fixed assets		161		-	
Proceeds on disposal of fixed asset investments		-		500	
Interest received		3		13	
Net cash used in investing activities			(1,765)		(830)
Financing activities					
Proceeds from borrowings	19	2,661		-	
Repayment of bank loans		-		(2,444)	
Payment of finance leases obligations		(1,787)		(2,549)	
Net cash generated from/(used in) financing activities			874		(4,993)
Net increase in cash and cash equivalents			3,195		2,956
Cash and cash equivalents at beginning of year			6,496		3,540
Cash and cash equivalents at end of year			9,691		6,496

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Jaguar Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is One Bartholomew Close, London, EC1A 7BL.

The group consists of Jaguar Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US Dollars, which is the functional currency of the group and company. Monetary amounts in these financial statements are rounded to the nearest \$1,000, unless otherwise indicated.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Jaguar Holdings Limited has taken the above exemptions in the single entity information only on the basis that it is included within these consolidated financial statements on pages 15 to 45. These consolidated financial statements are publicly available from Companies House.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Jaguar Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Going concern

In light of the covid-19 pandemic and its continued impact on future business, management have considered a range of scenarios in their assessment of going concern and have prepared additional sensitivity analysis to provide a broader view of the business under different conditions. Sensitivity analysis has been prepared where the forecasts have taken into account the potential loss of a large customer and the going concern status is not affected.

Forecasts

As the airline sector has been severely impacted, this has had a significant impact on the outlook for Jaguar for the next twelve months from the date of approval of these financial statements. The airline sector is expected to recover slowly and is unlikely to reach previous levels for another year or so. It is thought that the US domestic market will recover before the international side and also that the leisure market will recover more quickly than business travel. It is also possible that there could be further waves of pandemic outbreaks and restrictions reapplied, although with the widespread roll out of vaccinations in the US, we have assumed that businesses would not be hit so hard from any further waves.

With consideration of these factors and others, the forecasts prepared by management include assumptions for:-

- Airline sector restrictions, the associated reduced flight volumes and the impact on Jaguar's revenue streams
- Airline flight schedules – the recovery of flights volumes have been considered at different rates and timeframes
- Workforce arrangements and shift patterns to remain compliant with social distancing requirements.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Liquidity

Jaguar Holdings has secured access to sources of liquidity including the following:-

- A US Government grant, under the Cares Act Paycheck Protection Program (PPP) scheme, was paid directly to Airfayre CA inc. in April 2020. The award amount of \$1.7m was used primarily for employee salary costs along with some allowable overheads. Since the year end, a forgiveness application was submitted to the SBA (Small Business Administration) which has confirmed that the loan has been forgiven. The loan has therefore been treated as a grant and recognised as "Other income" in the profit and loss account for the year to 31 December 2020.
- A second PPP loan has been approved and paid to Airfayre CA Inc in April 2021. This second loan is for \$1.4m and it is expected that this will also be forgiven after submitting the relevant application.
- A US Treasury loan was awarded to Airfayre CA Inc. in July 2020. This loan was granted under the Payroll Support Program (PSP) which was specifically provided for airlines and airline contractors. The amount awarded was \$2.66m and has since been fully utilised on employee salary and benefits costs. There are conditions associated with this loan which continue up until March 24 2022. The main condition was a requirement to retain all staff until 30 September 2020. This condition was met but then in early October a total of sixteen staff were terminated as there was no longer a role for these people. Payroll support funds are held in a separate account, which the Treasury has a perfected security interest on. The Treasury has confirmed that this award will be a grant, rather than a loan, provided the ongoing criteria continue to be met. As the requirements continue until March 2022, the income has not been recognised in 2020, but has been shown as a liability on the balance sheet.

Whilst it is shown as a liability in the balance sheet, the PSP loan will be classed as subordinated debt with respect to the existing longer term debt held with the Group's US bank, Keybank. Therefore, the PSP loan will not affect the existing covenant calculations of servicing and paying off debt.

The airlines themselves have received large grants from the US treasury, to help them continue their operations until restrictions are lifted and business returns to a more normal level. As such, the customers are continuing to pay according to terms and suppliers are being paid as usual.

The Group cash projections show good liquidity for the next twelve months with only a small level of cash consumption. The directors therefore consider that the Group and the Company have sufficient financial resources to continue in operational existence for the foreseeable future, which is considered to be a period of 12 months from the approval of the financial statements and, therefore, it is appropriate to adopt the going concern basis in preparing these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of sales tax.

The group's main operating subsidiary supplies food to airlines, which is time critical. Supply is generally made directly to the aircraft in the quantities specified by the airline, often with short lead times. The provision of such supply to the airline is termed a "service." The company recognises revenue when services have been provided, collection of the relevant receivable is reasonably assured, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	between 7 and 10 years
Patents	5 years
Customer relationships	10 years

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	between 7 and 10 years
Fixtures, fittings and equipment	between 7 and 10 years
Office equipment	between 7 and 10 years

Assets in the course of construction are not depreciated.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Stocks

Stocks 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 stocks to their present location and condition.

Cost of stock is measured using the standard cost method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The group operates a personal pension scheme in the UK, for eligible employees and contributes at a rate of between 4% and 8% per annum. The scheme is separately administered. The group provides a 401(k) plan for its employees in the US. The 401(k) component is funded by voluntary employee contributions and discretionary employer contributions as determined by the company's board of directors.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Income from government grants is presented within other operating income. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Reasonable assurance is obtained when the terms of the grant are met and complied with throughout the term the grant is applicable to.

The company has elected to adopt the performance model. Grants are recognised as income when the associated performance conditions are met.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

For subsidiaries whose functional currency is not US Dollars, assets and liabilities are translated from the functional to the presentational currency at the rate ruling at the reporting date. Income and expenses are translated at the average rate for the period as the directors consider this to be a reasonable approximation to the rate at the date of the transactions. Retranslations of foreign subsidiaries are recognised in other comprehensive income and accumulated equity.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty and significant management judgements

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferred tax assets

No deferred tax assets have been recognised in respect of UK tax losses that are available indefinitely to offset against future taxable profits arising from the same trade as there is insufficient certainty of future taxable profits against which to utilise them.

A deferred tax asset has been recognised in respect of US tax losses that are available to offset against future taxable profits arising from the same trade as there is sufficient likelihood of future taxable profits against which to utilise them.

The values of the recognised and unrecognised deferred tax assets are disclosed in note 21.

Useful life of goodwill and intangible assets

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. The estimates of useful life can be found within the relevant accounting policies and the assets concerned are disclosed in note 11.

Impairment of goodwill and intangible assets

The directors undertake an annual impairment assessment of the goodwill and intangible asset balances disclosed in note 11. In making this assessment the directors make estimates of future forecast cashflows receivable from the underlying cash generating units and discount those cashflows back to present value using an appropriate discount rate. In preparing the forecasts and applying a relevant discount rate the directors exercise a significant level of estimation over key assumptions including inter-alia, anticipated growth rates, interest rates and required levels of capital expenditure.

Certain of the group's contracts are due for renewal within the short to medium term. In estimating future cashflows the directors have made a judgement that these contracts will be renewed on equivalent terms to those currently in operation. Were those contracts not to be renewed, the resulting cashflows receivable from the underlying cash generating units may be materially different than forecast.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty (Continued)

Valuation of zero coupon preference shares

The preference shares are zero-dividend redeemable preference shares redeemable at the discretion of the Company within one month's notice or at 31 December 2023. On this basis they are considered a long-term liability to the company and the group and are disclosed in note 19. The shares carry no dividend or distribution rights and do not carry any voting rights. On winding up, the holders are entitled to payment of capital in preference to the holders of the ordinary shares.

The directors have decided not to discount the preference share liability back to present value on the basis that the date of redemption has not been decided.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 \$'000	2019 \$'000
Turnover analysed by class of business		
Sale of food	12,373	39,481
Revenue from handling	24,649	46,447
	<u>37,022</u>	<u>85,928</u>
	2020 \$'000	2019 \$'000
Other revenue		
Interest income	3	13
Grants received	1,741	-
	<u></u>	<u></u>
	2020 \$'000	2019 \$'000
Turnover analysed by geographical market		
North America	37,022	85,928
	<u></u>	<u></u>

In April 2020 the Group applied to the US Government for a loan under the Cares Act PPP scheme. The assistance was provided in the form of a loan which would be forgiven upon meeting certain conditions. The directors were satisfied that these conditions had been met as at 31 December 2020 and in February 2021 the Group received confirmation that the loan had been forgiven in full. The \$1.7m has therefore been recognised as a grant in the income statement.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales and distribution	62	80	-	-
Management and administration	44	58	-	-
	<u>106</u>	<u>138</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 \$'000	2019 \$'000	Company 2020 \$'000	2019 \$'000
Wages and salaries	6,560	8,370	-	-
Social security costs	498	686	-	-
Pension costs	147	172	-	-
	<u>7,205</u>	<u>9,228</u>	<u>-</u>	<u>-</u>

The directors of the Group are not remunerated by the Company or any of its subsidiary undertakings.

5 Operating (loss)/profit

	2020 \$'000	2019 \$'000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	38	(19)
Government grants	(1,741)	-
Depreciation of owned tangible fixed assets	635	823
Depreciation of tangible fixed assets held under finance leases	2,038	1,842
Loss on disposal of tangible fixed assets	698	147
Amortisation of intangible assets	3,530	3,449
Operating lease charges	<u>1,862</u>	<u>1,934</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of \$38,000 (2019 - a gain of \$19,000).

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Auditor's remuneration

	2020 \$'000	2019 \$'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	77	103
Audit of the financial statements of the company's subsidiaries	32	-
	<u>109</u>	<u>103</u>
For other services		
Taxation compliance services	11	11
All other non-audit services	11	11
	<u>22</u>	<u>22</u>

7 Interest receivable and similar income

	2020 \$'000	2019 \$'000
Interest income		
Other interest income	3	13
	<u>3</u>	<u>13</u>

8 Interest payable and similar expenses

	2020 \$'000	2019 \$'000
Other interest on financial liabilities	9	36
Interest on finance leases and hire purchase contracts	533	674
	<u>542</u>	<u>710</u>

9 Other gains and losses

	2020 \$'000	2019 \$'000
Gain on disposal of fixed asset investments	-	289
	<u>-</u>	<u>289</u>

On 20 August 2019 the Group disposed of its 20% direct holding in Galileo Group Limited for total consideration of \$500k resulting in a recognised gain of \$289k.

10 Taxation

	2020 \$'000	2019 \$'000
Current tax		
Foreign current tax on profits for the current period	(42)	64
	<u>(42)</u>	<u>64</u>

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(289)	442
Changes in tax rates	(6)	-
Other adjustments	56	-
	<u> </u>	<u> </u>
Total deferred tax	(239)	442
	<u> </u>	<u> </u>
 Total tax (credit)/charge	 (281)	 506
	<u> </u>	<u> </u>

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2020 \$'000	2019 \$'000
(Loss)/profit before taxation	(1,322)	1,406
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 15.39% (2019: 19.00%)	(203)	267
Tax effect of expenses that are not deductible in determining taxable profit	223	226
Tax effect of income not taxable in determining taxable profit	-	(55)
Other non-reversing timing differences	-	(6)
Other permanent differences	(169)	52
Effect of overseas tax rates	6	124
Deferred tax not recognised	(10)	(63)
Impact of changes in deferred tax rates	(128)	(39)
	<u> </u>	<u> </u>
Taxation (credit)/charge	(281)	506
	<u> </u>	<u> </u>

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the group has no liability to additional taxation on such remittances due to the availability of double taxation relief.

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020 the Chancellor announced that the tax rate would remain at 19%, and this was substantively enacted before the reporting date therefore has been used in the measurement of deferred tax.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Intangible fixed assets

Group	Goodwill	Software	Patents	Customer relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2020	11,667	1,962	2,747	12,679	29,055
Additions - separately acquired	-	265	-	-	265
Disposals	-	(79)	-	-	(79)
Transfers	-	82	-	-	82
At 31 December 2020	11,667	2,230	2,747	12,679	29,323
Amortisation and impairment					
At 1 January 2020	3,647	817	1,717	3,962	10,143
Amortisation charged for the year	1,167	546	549	1,268	3,530
Disposals	-	(70)	-	-	(70)
At 31 December 2020	4,814	1,293	2,266	5,230	13,603
Carrying amount					
At 31 December 2020	6,853	937	481	7,449	15,720
At 31 December 2019	8,020	1,145	1,030	8,717	18,912

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

The amortisation of goodwill and of other intangible fixed assets is charged to administrative expenses.

Customer relationships were acquired at fair value of \$12,679k through acquisition and have a remaining useful life of 5 years. Patents were acquired at fair value of \$2,747k through acquisition and have a remaining useful life of 1 year.

There are no contractual commitments to acquire any intangible assets.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

Group	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Office equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2020	82	19,083	16,387	276	35,828
Additions	-	1,649	15	-	1,664
Disposals	-	(3,794)	(6,064)	(121)	(9,979)
Transfers	(82)	-	-	-	(82)
At 31 December 2020	-	16,938	10,338	155	27,431
Depreciation and impairment					
At 1 January 2020	-	10,560	7,523	202	18,285
Depreciation charged in the year	-	1,538	1,110	25	2,673
Eliminated in respect of disposals	-	(3,305)	(5,713)	(111)	(9,129)
At 31 December 2020	-	8,793	2,920	116	11,829
Carrying amount					
At 31 December 2020	-	8,145	7,418	39	15,602
At 31 December 2019	82	8,523	8,864	74	17,543

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Plant and machinery	13,262	14,842	-	-

The leased assets are pledged as security for the related finance lease liabilities.

The depreciation of the tangible fixed assets is included within administrative expenses.

13 Fixed asset investments

		Group		Company	
	Notes	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Investments in subsidiaries	14	-	-	39,473	39,473

The share of result of the associate arises entirely from continuing operations.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
\$'000

Cost or valuation

At 1 January 2020 and 31 December 2020

39,473

Carrying amount

At 31 December 2020

39,473

At 31 December 2019

39,473

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Air Fayre CA Inc.	a	Provision of catering and logistics to airlines	Ordinary	-	100.00
Air Fayre Limited	b	Dormant company	Ordinary	-	100.00
Air Fayre USA Inc.	a	Holding company	Ordinary	-	100.00
Journey Group Limited	b	Holding company	Ordinary	100.00	-
Journey Group Services Limited	b	Management company	Ordinary	-	100.00

Registered office addresses

a 1720 W 135 Street, Gardena, CA 90249, United States of America

b One Bartholomew Close, London, EC1A 7BL, United Kingdom

Reporting dates of subsidiaries

All subsidiaries have a coterminous accounting period reference date with that of the company and prepare accounts to 31 December. The results of the subsidiary undertakings are consolidated from their individual financial statements for the year ended 31 December 2020.

Subsidiary exemption from audit by guarantee from the parent

For the year ended 31 December 2020, the following companies were wholly owned subsidiaries of Jaguar Holdings Limited and were entitled to exemption from audit under section 479A of the Companies Act 2006. The guarantee given by the company under section 479A of the Act is disclosed in note 28.

Name of subsidiary undertaking	Company registration number
Air Fayre Limited	03645843
Journey Group Services Limited	06200189
Journey Group Limited	01944667

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Stocks

	Group 2020 \$'000	2019 \$'000	Company 2020 \$'000	2019 \$'000
Finished goods and goods for resale	369	321	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16 Debtors

	Group 2020 \$'000	2019 \$'000	Company 2020 \$'000	2019 \$'000
Amounts falling due within one year:				
Trade debtors	3,297	5,171	-	-
Corporation tax recoverable	383	590	-	-
Other debtors	816	894	700	700
Prepayments and accrued income	564	218	26	23
	5,060	6,873	726	723
Deferred tax asset (note 21)	471	576	-	50
	5,531	7,449	726	773

During the year, an impairment loss of \$34k (2019: \$55k) was recognised in respect of trade receivables due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months. The expense was charged to administrative expenses.

The other debtors balance in the company relates to staff loans which were issued in 2017, these amounts are not expected to be recovered within 12 months and accrue interest at 1.85% per annum.

17 Creditors: amounts falling due within one year

	Notes	Group 2020 \$'000	2019 \$'000	Company 2020 \$'000	2019 \$'000
Bank loans and overdrafts	19	-	23	-	-
Obligations under finance leases	20	2,197	2,341	-	-
Other borrowings	19	2,661	-	-	-
Trade creditors		2,097	4,701	-	-
Amounts owed to group undertakings		-	-	10,468	10,447
Other taxation and social security		383	196	-	-
Other creditors		137	200	-	-
Accruals and deferred income		1,472	1,765	95	91
		8,947	9,226	10,563	10,538

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

17 Creditors: amounts falling due within one year (Continued)

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

18 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Bank loans and overdrafts	19	23	-	-	-
Obligations under finance leases	20	6,816	8,459	-	-
Other borrowings	19	29,933	29,933	29,933	29,933
Accruals and deferred income		-	524	-	-
		<u>36,772</u>	<u>38,916</u>	<u>29,933</u>	<u>29,933</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	120	1,025	-	-
	<u>120</u>	<u>1,025</u>	<u>-</u>	<u>-</u>

19 Borrowings

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Bank loans	23	23	-	-
Preference shares	29,933	29,933	29,933	29,933
Other loans	2,661	-	-	-
	<u>32,617</u>	<u>29,956</u>	<u>29,933</u>	<u>29,933</u>
Payable within one year	2,661	23	-	-
Payable after one year	29,956	29,933	29,933	29,933
	<u>29,956</u>	<u>29,933</u>	<u>29,933</u>	<u>29,933</u>

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Borrowings (Continued)

Bank loans

Bank loans comprise an initial draw down on a loan facility of \$5,000k from KeyBank which accrues interest at a rate of LIBOR +3%. The loan is secured on the assets of Air Fayre CA Inc., and was repayable on 13 December 2020. During the year the facility was renewed for a further three years and is now repayable on 13 December 2023. There is a cross guarantee in place across all companies in the group.

Preference shares

At 31 December 2020 there were 10,502,718 zero coupon redeemable preference shares for \$2.85 each (2019: 10,502,718).

The preference shares are zero-dividend redeemable preference shares redeemable at the discretion of the Company within one month's notice or at 31 December 2023. On this basis they are considered a long term liability to the Company and Group. The shares carry no dividend or distribution rights and do not carry any voting rights. On winding up, the holders are entitled to payment of capital in preference to the holders of the ordinary shares.

The directors have decided not to discount the preference share liability back to present value on the basis that the date of redemption has not been decided.

Other loans

On 26 June 2020 the group entered into a Payroll Support Program (PSP) agreement with the United States Department of the Treasury ("the Treasury"). Payroll support is provided to the group by way of a grant and is conditional upon being used for continuation of payment of employee salaries, wages and benefits following the impact of the COVID-19 pandemic on the airline industry.

The grant is conditional upon certain restrictions regarding distributions and terminations of certain employment, some of the restrictions remain in place until 24 March 2022 and as a result no income has yet been recognised.

20 Finance lease obligations

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Future minimum lease payments due under finance leases:				
Less than one year	2,197	2,341	-	-
Between one and five years	6,696	7,434	-	-
After five years	120	1,025	-	-
	<u>9,013</u>	<u>10,800</u>	<u>-</u>	<u>-</u>

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Finance lease obligations (Continued)

The group maintains a master lease line facility with a bank which provides for equipment and vehicle financing of up to \$15m. Draws under the lease line facility amount to \$11.6m (2019 - \$11.6m) to date. Any further draws may be converted to five, six or seven year term notes. The interest rates are established at the date of purchase.

Notes payable to lenders relating to the acquisition of transportation and other equipment represent \$9,013k (2019 - \$10,800k) of the total obligations. The interest rates range from 3.02% to 5.25% (2019 - 3.02% to 5.25%). The notes payable are due at various dates up to February 2027 and are secured by the related equipment with a carrying value of \$13,262k (2019 - \$14,842k) as disclosed in note 12.

During the year ended 31 December 2020, no draw downs were made on these facilities (2019 - \$nil) to fund tangible fixed asset additions in the year.

Obligations under finance leases are secured by a floating charge over the related assets.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group are:

	Liabilities 2020 \$'000	Liabilities 2019 \$'000	Assets 2020 \$'000	Assets 2019 \$'000
Group				
Accelerated capital allowances	3,494	2,173	-	-
Tax losses	-	-	201	-
Assets held at fair value	-	1,665	-	-
Deferred US expenses not taxable	-	-	270	325
Taxable losses carried forward	-	-	-	251
	<u>3,494</u>	<u>3,838</u>	<u>471</u>	<u>576</u>

	Liabilities 2020 \$'000	Liabilities 2019 \$'000	Assets 2020 \$'000	Assets 2019 \$'000
Company				
Taxable losses carried forward	-	-	-	50
	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>

	Group 2020 \$'000	Company 2020 \$'000
Movements in the year:		
Liability/(asset) at 1 January 2020	3,262	(50)
(Credit)/charge to profit or loss	(239)	50
Liability at 31 December 2020	<u>3,023</u>	<u>-</u>

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Deferred taxation (Continued)

The group has estimated non-trading tax losses arising in the UK of \$910k (2019: \$1.2m) that are available indefinitely for offset against future taxable non-trading profits. Deferred tax assets have not been recognised in respect of these UK tax losses as there is insufficient certainty of future taxable profits against which to utilise them.

22 Government grants

On 26 June 2020 the group entered into a Payroll Support Program (PSP) agreement with the United States Department of the Treasury of \$2,660k. Payroll support is provided to the group by way of a grant and was conditional upon being used for continuation of payment of employee salaries, wages and benefits up to and including 30 September 2020.

As the grant is conditional upon certain restrictions which remain in place until 24 March 2022 the grant has not been recognised as income and is included as other loans as disclosed in note 19.

In April 2020 the Group applied to the US Government for a loan under the Cares Act PPP scheme. The assistance was provided in the form of a loan which would be forgiven upon meeting certain conditions. The directors were satisfied that these conditions had been met as at 31 December 2020 and in February 2021 the Group received confirmation that the loan had been forgiven in full. The \$1.7m has therefore been recognised as a grant in the income statement.

23 Retirement benefit schemes

	2020	2019
Defined contribution schemes	\$'000	\$'000
Charge to profit or loss in respect of defined contribution schemes	147	172

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

There are outstanding contributions payable to the scheme at the end of the year of \$17k (2019 - \$32k).

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share capital

	Group and company	
	2020	2019
	\$'000	\$'000
Ordinary share capital		
Issued and fully paid		
11,237,908 'Ordinary' shares of 15p each	1,683	1,683
431,779 'A Ordinary' shares of 15p each	65	65
	<u>1,748</u>	<u>1,748</u>

Ordinary shares

'Ordinary' and 'A Ordinary' Shares carry no right to fixed income and each carry the right to one vote at general meetings of the company.

Preference shares

There are 10,502,718 (2019 - 10,502,718) zero dividend redeemable preference shares of \$2.85 each in issue which are accounted for as liabilities and are disclosed in note 19.

The preference shares carry no dividend or voting rights. On winding up, the holders are entitled to payment of capital in preference to the holders of the ordinary shares but have no other distribution rights.

25 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Retained earnings represents the cumulative earnings net of distributions to owners.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26 Cash generated from group operations

	2020 \$'000	2019 \$'000
(Loss)/profit for the year after tax	(1,041)	900
Adjustments for:		
Share of results of associates and joint ventures	-	24
Taxation (credited)/charged	(281)	506
Finance costs	542	710
Investment income	(3)	(13)
Loss on disposal of tangible fixed assets	698	147
Amortisation and impairment of intangible assets	3,530	3,449
Depreciation and impairment of tangible fixed assets	2,673	2,665
Gain on sale of investments	-	(289)
Other income PPP loan	(1,741)	-
Movements in working capital:		
(Increase)/decrease in stocks	(48)	565
Decrease in debtors	2,298	3,590
Decrease in creditors	(3,298)	(2,631)
Cash generated from operations	3,329	9,623

27 Analysis of changes in net debt - group

	1 January 2020 \$'000	Cash flows \$'000	31 December 2020 \$'000
Cash at bank and in hand	6,496	3,195	9,691
Borrowings excluding overdrafts	(29,956)	(2,661)	(32,617)
Obligations under finance leases	(10,800)	1,787	(9,013)
	<u>(34,260)</u>	<u>2,321</u>	<u>(31,939)</u>

28 Financial commitments, guarantees and contingent liabilities

In order for Air Fayre Limited, Journey Group Limited and Journey Group Services Limited to take the audit exemption in section 479A of the Companies Act 2006, Jaguar Holdings Limited has guaranteed all outstanding liabilities of Air Fayre Limited, Journey Group Limited and Journey Group Services Limited at 31 December 2020 until these liabilities are satisfied in full.

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

29 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Within one year	1,051	1,688	-	-
Between one and five years	4,385	7,085	-	-
In over five years	3,479	4,003	-	-
	<u>8,915</u>	<u>12,776</u>	<u>-</u>	<u>-</u>

30 Events after the reporting date

Pursuant to the terms of the PSP Agreement, Air Fayre CA Inc. received an additional "top up" disbursement from the US Treasury Department on 12 February, 2021 amounting to \$775k. The use of the funds is restricted to continuation of payment of employee wages, salaries, and benefits paid after 12 February, 2021.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows.

	2020	2019
	\$'000	\$'000
Aggregate compensation	<u>1,012</u>	<u>1,444</u>

The total of remuneration for key management personnel is inclusive of employers national insurance of \$26k (2018: \$31k).

On 18 September 2017 the company issued 2,898,551 ordinary and 2,898,551 preference shares to NASCIT, Oryx International Growth Fund Limited and Harwood Capital Nominees Limited, which are all managed or advised by Harwood Capital LLP, for consideration of \$10,000k. The proceeds of this fundraising were used to repay NASCIT loan notes. The preference shares are classified as long term liabilities per the Statement of Financial position. The balance due to these entities in respect of preference shares at the period end is \$29,933k (2019: \$29,933k).

A total of \$30k (2019: \$30k) was paid to Harwood Capital for the provision of management services.

Total directors' fees of \$30k (2019: \$30k) were paid as well as \$nil of expenses paid on their behalf (2019: \$80k).

JAGUAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

32 Controlling party

Jaguar Holdings Limited is the ultimate parent undertaking of its group and heads the largest and smallest group which consolidate the results of the company. The consolidated financial statements are included on pages 15 to 45 and are publicly available from Companies House.

The ultimate controlling entity is Harwood Private Equity IV LP. There is no one ultimate controlling party.

33 Performance measures

The performance measures in the Strategic Report on pages 1 to 4 have been calculated as follows:

Net cash/(deficit)

	Notes	2020 \$'000	2019 \$'000
Cash at bank and in hand		9,691	6,496
Obligations under finance leases	20	(9,013)	(10,800)
Net cash/(deficit)		678	(4,304)

Earnings before interest, taxation, depreciation and amortisation ('EBITDA')

	Notes	2020 \$'000	2019 \$'000
Operating (loss)/profit		(783)	1,838
Amortisation	11	3,530	3,449
Depreciation	12	2,673	2,665
		5,420	7,952