

**Company Registration No. 6415051**

**BBA Aviation Finance**

**Annual report and financial statements**

**For the year ended 31 December 2015**

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# **BBA Aviation Finance**

## **Annual report and financial statements for the year ended 31 December 2015**

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## **BBA Aviation Finance**

### **Annual report and financial statements for the year ended 31 December 2015**

#### **Officers and professional advisers**

##### **Directors**

D J M Blizzard

D Marcinik

D Crook (appointed 1 June 2016)

I D C Simm (resigned 31 May 2016)

M A Powell (resigned 1 June 2016)

##### **Company Secretary**

M Dawkins

##### **Registered Office**

3<sup>rd</sup> Floor  
105 Wigmore Street  
London  
W1U 1QY

##### **Banker**

Barclays Bank PLC  
Leicester  
LE87 2BB

##### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

## **BBA Aviation Finance**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

#### **Business review, principal activity and outlook**

BBA Aviation Finance (the "Company") was incorporated on 1 November 2008.

There have not been any significant changes to the Company's activities during the year and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

There have been no significant events since the balance sheet date.

The Company is a wholly-owned subsidiary of BBA Aviation plc ("BBA") and operates as a holding company as part of the BBA group. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of BBA Aviation plc, which includes the Company, is discussed in the group's Annual Report which does not form part of this report.

#### **Results and dividends**

The results for the year are shown in the profit and loss account on page 6. The loss for the year was \$1,000 (2014: \$1,000 loss).

During the year, no interim dividend was paid (2014: \$nil). The directors do not recommend the payment of a final dividend (2014: \$nil).

#### **Director indemnities**

On 19 March 2007 BBA Aviation Finance entered into qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006 in favour of its directors under which each director is indemnified against liabilities incurred by that director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office and such provisions remain in force as at the date of this report.

#### **Financial risk management**

The Company operates as a holding company. The Company therefore does not consider it necessary to adopt a financial risks policy as such information is not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Except as outlined below the directors do not believe that the Company is exposed to any significant credit risk, cash flow risk, price risk or liquidity risk. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. In the event that additional liquidity was required for ongoing operations and future developments, the Company participates in group banking arrangements with its parent company, BBA Aviation plc, and has access to a group cash management facility as detailed in note 11. For this reason the Company does not have undue exposure to the current uncertainties in the credit market. The directors are continuing to monitor the situation to ensure borrowing facilities and other banking arrangements continue to be robust. The Company's principal financial assets are investments and other receivables.

## **BBA Aviation Finance**

### **Directors' report (continued)**

#### **Going concern basis**

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors have considered all the factors likely to affect its future development, performance, and its financial position including the matters disclosed in the Director's report.

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company has net current liabilities as outlined in the balance sheet and is therefore reliant on the continued support provided by the parent company BBA Aviation plc, which is committed for a period exceeding 12 months from the date of this report.

On the basis of their assessment of the Company's financial position, and of the enquiries made of the directors of BBA Aviation plc and support provided, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in existence undertaking the principal business activity outlined above for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Directors**

The directors who held office during the year, and subsequently are outlined on page 1.

#### **Statement on information given to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board.



D Crook  
Director

30 September 2016

## **BBA Aviation Finance**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. In the year UK GAAP changed and the Company adopted and transitioned to Financial Reporting Standard 101 Reduced disclosure framework ("FRS 101").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent auditor's report to the members of BBA Aviation Finance**

We have audited the financial statements of BBA Aviation Finance for the year ended 31 December 2015 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or,
- the directors were not entitled to take advantage of the small companies' exemption from preparing a Strategic report and in preparing the Directors' report.



Edward Hanson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

20 September 2016

## **BBA Aviation Finance**

### **Profit and loss account**

**For the year ended 31 December 2015**

	<b>Notes</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Finance charges	5	(1)	(1)
Other operating expense		-	-
<b>Loss before taxation</b>	3	(1)	(1)
Tax	6	-	-
<b>Loss for the financial year attributable to the owners of the Company</b>		(1)	(1)

The accompanying notes are an integral part of this profit and loss account.

All losses are derived from continuing operations.



## **BBA Aviation Finance**

### **Statement of other comprehensive income For the year ended 31 December 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss for the financial year	(1)	(1)
Increase in fair value of investment in group undertakings	179,493	381,290
<b>Total comprehensive income for the year</b>	<b>179,492</b>	<b>381,289</b>

The accompanying notes are an integral part of these financial statements.

## BBA Aviation Finance

### Balance sheet As at 31 December 2015

	Notes	2015 \$'000	2014 \$'000
<b>Non-current asset</b>			
Investments in group undertakings	7	1,530,632	1,351,139
<b>Current asset</b>			
Debtor: amount falling due within one year	8	1	-
		<u>1</u>	<u>-</u>
<b>Current liability</b>			
Cash overdrafts		(311)	(309)
<b>Net current liabilities</b>		<u>(310)</u>	<u>(309)</u>
<b>Net assets</b>		<u>1,530,322</u>	<u>1,350,830</u>
<b>Capital and reserves</b>			
Called up share capital	9	22	22
Share premium account	10	1,108,692	1,108,692
Revaluation reserve	10	780,889	601,396
Profit and loss account	10	(359,281)	(359,280)
<b>Shareholders' funds</b>		<u>1,530,322</u>	<u>1,350,830</u>

The financial statements of BBA Aviation Finance, registered number 6415051 were approved by the board of directors and authorised for issue on *30 September* 2016.

Signed on behalf of the board of directors



D Crook  
Director

## BBA Aviation Finance

### Statements of changes in equity As at 31 December 2015

	Share capital \$'000	Share premium reserve \$'000	Profit and loss account \$'000	Revaluation reserve \$'000	Total \$'000
<b>Balance at 1 January 2014</b>	22	1,108,692	(359,279)	220,106	969,541
Loss for the year	-	-	(1)	-	(1)
Other comprehensive income for the year	-	-	-	381,290	381,290
Total comprehensive income for the year	-	-	(1)	381,290	381,289
<b>Balance at 1 January 2015</b>	22	1,108,692	(359,280)	601,396	1,350,830
Loss for the year	-	-	(1)	-	(1)
Other comprehensive income for the year	-	-	-	179,493	179,493
Total comprehensive income for the year	-	-	(1)	179,493	179,492
<b>Balance at 31 December 2015</b>	<b>22</b>	<b>1,108,692</b>	<b>(359,281)</b>	<b>780,889</b>	<b>1,530,322</b>

## **BBA Aviation Finance**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies**

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activity is set out in the directors' report on page 2.

The principal accounting policies are set out below and have been applied consistently throughout the current and preceding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. In the year UK GAAP changed and the Company adopted and transitioned to Financial Reporting Standard 101 *Reduced disclosure framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of FRS 101, but makes amendments where necessary in order to comply with Companies Act 2006.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. This transition did not have a material effect on the financial statements with no changes to profit and loss for the year ended 31 December 2014 and equity as at 1 January 2014 and 31 December 2014.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of financial instruments;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- The effects of new but not yet effective IFRSs.

#### **Going concern**

In determining whether the Company's financial statements can be prepared on the going concern basis, the directors have considered all the factors likely to affect its future development, performance, and its financial position including the matters disclosed in the Directors' report.

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's parent BBA Aviation plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of BBA Aviation plc to continue as a going concern or its ability to continue with the current banking arrangements.

All losses are derived from continuing operations.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of BBA Aviation plc, the Company's directors have reasonable expectation that the Company has adequate resources to continue in existence, undertaking the principal business activity outlined above for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company continues to be a net current liability position at the balance sheet date. The Company is reliant on the continued support provided by the parent company BBA Aviation plc, which is committed for a period exceeding 12 months from the date of this report.

## **BBA Aviation Finance**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

##### **Foreign currencies**

The economic environment the Company operates within is predominantly US dollar based, and for this reason it is deemed that the US dollar is its functional currency and that this should be used for reporting purposes.

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars using the rates of exchange at the balance sheet date. Any foreign exchange differences are included within the profit and loss account.

##### **Investments**

The Company's investments are treated as financial instruments fair valued through other comprehensive income. Fair value is determined using a discounted cash flow methodology. The key assumptions used in the calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and any risks specific to the subsidiary undertakings. The growth rates are based on industry growth forecasts. The directors believe that this provides more useful information in respect of these investments.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## **BBA Aviation Finance**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

##### **Current tax and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. Financial assets and financial liabilities are initially measured at fair value. Equity instruments are any contracts that evidence a residual interest in the assets of an entity after deducting all of its liabilities with instruments issued by the Company recognised at the proceeds received, net of direct issue costs.

##### **Financial assets**

Other debtors and loans that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

##### **Available for sale financial assets**

The Company has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). The fair values determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

##### **Financial liabilities**

Other creditors and borrowings are classified as other financial liabilities initially measured at fair value and subsequently at amortised cost using the effective interest method.

#### **2. Critical accounting judgement and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2015

#### 2. Critical accounting judgement and key sources of estimation uncertainty (continued)

##### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### **Market value of investments in group undertakings**

As detailed in the accounting policies note, the Company's investments are treated as financial instruments fair valued through other comprehensive income. Fair value is determined using a discounted cash flow methodology as further disclosed in Note 7 which require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

#### 3. Loss before taxation

Fees payable to the Company's auditor for the audit of the Company's annual financial statements were \$2,500 (2014: \$2,500). These have been borne by another Group undertaking.

No amounts have been paid to Deloitte LLP for non-audit services to the Company.

#### 4. Employees and employee costs

There were no full time employees other than directors during the year (2014: none) and the aggregate payroll costs were \$nil (2014: \$nil). No director received any remuneration in the current year for services to the Company (2014: \$nil).

#### 5. Finance charges

	2015 \$'000	2014 \$'000
Bank interest payable	(1)	(1)

#### 6. Tax

	2015 \$'000	2014 \$'000
<b>Current tax:</b>		
UK corporation tax	-	-
<b>Adjustments in respect of prior years:</b>		
UK corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Total deferred tax</b>	-	-
<b>Total tax charge</b>	-	-

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2015

#### 6. Tax (continued)

The charge for the year can be reconciled to the loss in the profit and loss account as follows:

	2015 \$'000	2014 \$'000
<b>Loss before taxation</b>	(1)	(1)
Tax on loss at standard UK corporation tax rate of 20.25 % (2014: 21.5%)	-	-
Effects of:		
Non tax deductible impairment of investment	-	-
Utilisation of tax losses not previously recognised	-	-
Adjustments to tax charge in respect of previous periods	-	-
Tax rate change	-	-
Group relief surrendered/(claimed) for nil payment	-	-
<b>Total tax charge</b>	-	-

There are no deferred tax assets or liabilities as at 31 December 2015 (2014: \$nil).

For the year ended 31 December 2015 a UK corporation tax rate of 20.25% has been used as enacted by Finance Act 2013. The Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015, provides for a reduction in the main rate of UK corporation tax to 19% effective from 1 April 2017 and 18% from 1 April 2020. The rate is expected to further reduce to 17% from 1 April 2020, although this reduction was not substantively enacted at the balance sheet date.



## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2015

#### 7. Investments

	2015 \$'000	2014 \$'000
At 1 January	1,351,139	969,849
Revaluation of investments	179,493	381,290
	<u>1,530,632</u>	<u>1,351,139</u>

During the year the Company held investments in:

Subsidiary undertakings	Business activity	Place of incorporation and operation	% of ordinary share capital owned by the Company
BBA Aviation USA Inc. (*)	Holding company	USA	36.99%
International Airmotive Holdings Co. (*)	Holding company	USA	36.99%
Aircraft Service International Inc.	Aviation services	USA	36.99%
ASIG Lounge Inc.	Aviation services	USA	36.99%
ASIG Nassau Fueling Services Limited	Aviation services	Bahamas	36.99%
Barrett Turbine Engine Company	Aviation services	USA	36.99%
Signature Tradewinds – Washington National LC	Aviation services	USA	29.59%
Dallas Airmotive Inc.	Aviation services	USA	36.99%
Page Avjet Corporation	Dormant	USA	36.99%
Signature Combs Inc.	Aviation services	USA	36.99%
Signature Flight Support Corporation	Aviation services	USA	36.99%
Signature Flight Support Nevada Inc.	Aviation services	USA	36.99%
Signature VNY LLC	Aviation services	USA	36.99%
Signature 7156 LLC	Aviation services	USA	36.99%
Signature 8361 LLC	Aviation services	USA	36.99%
Signature 8390 LLC	Aviation services	USA	36.99%
Signature 8433 LLC	Aviation services	USA	36.99%
Ross Scottsdale LLC	Aviation services	USA	36.99%
Aircraft Service International Group Inc.	Holding company	USA	36.99%
ASIG Holdings Corp.	Holding company	USA	36.99%
BBA Aviation ASIG Europe	Holding company	United Kingdom	36.99%
BBA Aviation Lynton Group Limited	Holding company	United Kingdom	36.99%
Signature Flight Support – Washington National Inc.	Holding company	USA	36.99%

\*Held directly by BBA Aviation Finance.

## BBA Aviation Finance

### Notes to the financial statements For the year ended 31 December 2015

#### 7. Investments (continued)

As detailed in the accounting policies note, the Company's investments are treated as financial instruments fair valued through other comprehensive income. Fair value is determined using a discounted cash flow methodology. In determining the fair value, an earnings growth factor of 2.2% (31 December 2014: 2.2%) and a discount factor of 8.7% (31 December 2014: 9.5%) are used. The key assumptions used in the calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and any risks specific to subsidiary undertakings. The growth rates are based on industry growth forecasts.

The review indicated that the BBA Aviation USA Inc. recoverable amount exceeded its carrying value by \$355.8m and consequently has been revalued upwards by this amount. The revaluation gain has been recognised in the 'Revaluation reserve' in the statement of other comprehensive income.

The review indicated that the International Airmotive Holdings Corporation carrying value exceeded its recoverable amount by \$176.3m and consequently has been written down by this amount. The impairment loss has been reversed against previously recognised gains in the 'Revaluation reserve' in the statement of other comprehensive income.

The directors believe that this policy provides more useful information in respect of these investments.

#### 8. Debtors: amounts falling due within one year

	2015 \$'000	2014 \$'000
Amounts owed by fellow group undertakings	<u>1</u>	<u>-</u>

#### 9. Share capital

	2015 \$'000	2014 \$'000
<b>Allotted, called up and fully paid</b>		
2,200,809 ordinary \$0.01 shares	<u>22</u>	<u>22</u>

The Company has one class of ordinary shares which carry no right to fixed income.

#### 10. Reserves

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

The profit and loss account represents the cumulative profits and losses, net of dividends paid and other adjustments.

The revaluation reserve represents the probable future value of investments in subsidiary undertakings over and above the value it was previously carried on the balance sheet.

#### 11. Financial guarantees

The Company participates in group banking arrangements with its parent company, BBA Aviation plc, and has access to a group cash management facility. The Company guarantees the facility to the extent of its cash deposited with its clearing bank. The Company has jointly and severally guaranteed the borrowings under these arrangements. The Company, through its parent, BBA Aviation plc, has access to the group's syndicated banking arrangements. Details of these arrangements are included in the financial statements of BBA Aviation plc.

## **BBA Aviation Finance**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **11. Financial guarantees (continued)**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **12. Ultimate parent company**

The ultimate parent company and controlling party is BBA Aviation plc which is incorporated in Great Britain and registered in England and Wales. BBA Aviation plc is the only company which prepares Group financial statements incorporating the financial statements of the Company. These group financial statements are available to the public from the Company Secretary of BBA Aviation plc at 3<sup>rd</sup> Floor, 105 Wigmore Street, London, W1U 1QY. The immediate parent company is BBA US Holdings Inc.